EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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TUNISIA
Preparing for an Islamic challenge
Page 7

World News

Bush urges Moscow to mediate in Nicaragua

US President George Bush urged Soviet leader Mikhail Gorbachev to become involved in efforts to reach a peaceful settlement in Nicaragua.

President Bush "would like to see the Soviet Union use its influence in Nicaragua to bring about a peaceful settlement to that situation," according to White House spokesman Marlin Fitzwater. Page 20

Land Day protest
Israeli troops shot dead three Palestinians and at least 33 were reported wounded in the occupied West Bank and Gaza strip as Arabs on both sides of Israel's pre-1967 borders marked Land Day. Page 20

Shipyard dawn raid
Nine thousand South Korean riot police conducted a dawn raid on strikers at the shipyard owned by Hyundai Heavy Industries to end a three-month stoppage. Page 6

Guatemala siege
Four-day siege at the maximum security El Pavon jail in Guatemala ended when prisoners and government officials reached a compromise on demands made by inmates.

Belgian security net
Belgian police stepped up security around prominent members of the country's Moslem community after the shooting of two moderate Islamic clerics in an incident which may be connected to the "Satanic Verses" controversy. Page 3

EC Cyprus move
Cyprus may follow on the heels of Austria and Malta in applying for full membership of the EC. Page 3

Iran-Moscow talks
Dr Ali Akbar Velayati, Iranian Foreign Minister, flew to Moscow to try to strengthen ties with the Soviet Union. Page 7

Ankara Cabinet
Turkey's new Cabinet was expected to be announced amid speculation over whether Mr Turgut Ozal, Prime Minister, will call an early general election following local election defeats. Page 2

Solidarity talks
Solidarity, banned Polish trade union, had still not agreed basic issues in talks with the Government on Poland's future and had doubts that negotiations would end as planned on April 5, according to Adam Michnik, a senior adviser.

Activists quit
Six black South African activists who sought refuge in the British embassy in Pretoria left the building under considerable pressure from the embassy staff. Page 7

Cancer campaign
European Commission stepped up its battle against smoking-related cancer by tabling a plan to curb tobacco advertising and to force remaining publicity to carry health warnings. Page 3

FINANCIAL TIMES
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Business Summary

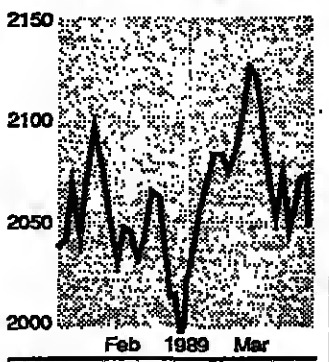
Profits at Deutsche Bank climb to DM3.1bn

GROUP partial operating profits at Deutsche Bank, West Germany's biggest bank, climbed 11.7 per cent to DM3.1bn ($1.667m) last year in a marked recovery from the depressed level posted after the 1987 stockmarket crash.

Announcing the results, third best in the bank's history, Mr Alfred Herrhausen, its speaker (chief executive) defended the decision not to raise the dividend from DM12 a share. "We don't think we've reached a level which gives occasion to raise the dividend yet". Page 21

FT-SE 100 index was down 22.3 points at 2049.4, just 1.6 points above its lowest level, after share prices closed sharply lower after a steep drop in the afternoon inspired by the vulnerability of the market to internal factors. London Stock Exchange, Page 37

FT-SE 100 Index



PARIBAS, French investment banking group, announced a 54 per cent rise in net profits last year to FFr2.65bn ($418m), recovering strongly after 1987's stagnant earnings in the wake of the October stock market crash. Page 22

DAWN raid on Addison Consultancy by Motif Action, French market research company, exposed wide rift within the board of the UK design, public relations and market research group. Page 21

CFM International, joint venture of General Electric of the US and the French manufacturer SNECMA, announced that it has negotiated a $1bn contract to supply USAir with as many as 250 CFM56-3 model jet engines. Page 4

FERRANTI, UK defence electronics group, is to shed 700 jobs at its Wythenshawe plant in northern England in a reorganisation of the company's computer systems group. Page 10

SAINT-GOBAIN, French glass and building materials group, said it is talking with Credit Lyonnais about acquiring the bank's 46 per cent interest in Sisa, Italian packaging materials concern. Page 22

STENA, Swedish ferry and property group which is currently considering a bid for the Bermuda-based Sea Containers corporation, announced further acquisition plans saying it wants to buy Stoomvaart Maatschappij Zeeland, Dutch ferry company, for about SKr350m ($54.8m). Page 22

PORSCHE, West German luxury sports car maker, said that profits picked up in the first half of its current financial year, although sales were down considerably. Page 22

GOLDMAN Sachs, US securities house, announced that a group of seven insurance companies had made a $225m fixed return equity investment in the company, representing about 11 per cent of partners' capital. Page 24

FLETCHER CHALLENGE, New Zealand forest products and industrial group which has a large presence in British Columbia, is looking to expand its North American operations into eastern Canada or the US. Page 23

UK blocks leaked report on Fayed bid for Harrods

By David Waller in London

THE BRITISH Government yesterday blocked publication of a leaked copy of the Department of Trade report into the Egyptian Fayed brothers' takeover of the House of Fraser stores group in 1985.

In the latest extraordinary twist to the 12-year battle by Lonrho, the multinational headed by Mr "Tiny" Rowland, for control of House of Fraser, the DTI obtained an injunction preventing Lonrho from publishing or disclosing or distributing copies of the report or any extracts.

The injunction was aimed at a special midweek edition of the Lonrho-owned Observer Sunday newspaper. The 16-page issue contained a series of extracts from the report by two DTI inspectors.

Last night, Lord Young, Trade and Industry Secretary, demanded that Lonrho pass to him all copies of the report in its hands or those of the Observer.

The report into the circumstances of the Fayed's takeover of House of Fraser, commissioned by the DTI in April 1987 after a long campaign by Lonrho, was handed to Lord Young in last July.

He has subsequently ruled that the report cannot yet be published. Lonrho, which first attempted a bid for House of Fraser in 1979, has gone to the courts to obtain publication and a reference of the Fayeds' takeover to the UK Monopolies and Mergers Commission.

The fact that Lonrho had obtained a copy emerged at Lonrho's annual meeting in London yesterday.

Sir Edward du Cann, chairman, told shareholders that his company had recently received "unsolicited and anonymously" a copy of the report.

He described it as being more than 750 pages long, containing 26 chapters and 8 appendices. It contained a "most careful analysis of the Fayeds' background, their commercial history, their sources of funds, their claims and their assertions".

Saying the report contained absolutely no criticism of Lonrho, he proceeded to detail some of the Inspectors' conclusions and demanded that the Fayeds be expelled from Britain. He also urged that the Royal Warrants for Harrods, the flagship store of the House of Fraser group, be removed at once.

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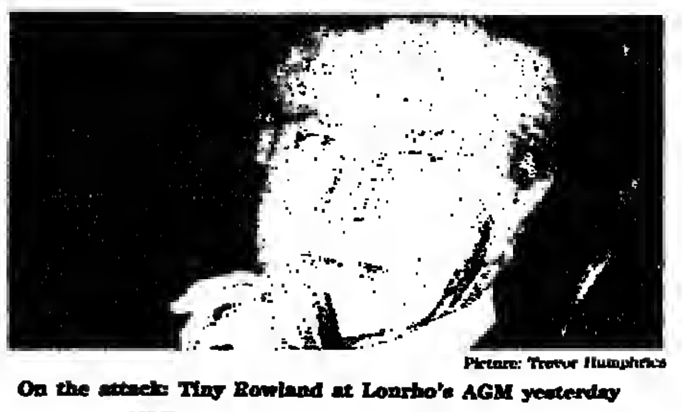
Picture: Trevor Humphries
On the attack: Tiny Rowland at Lonrho's AGM yesterday

Exxon to cut US west coast deliveries after Alaskan oil spillage

By James Buchan in New York and Peter Riddell in Washington

EXXON, the US oil company which operates the stricken tanker that ran aground off the coast of Alaska on Friday, is to cut deliveries of crude oil to its main customers on the US west coast next month.

The oil slick left by the Valdez continues to spread, but yesterday the US Government declined to intervene in the clean-up operation.

Exxon, which lifts about 18 per cent or about 350,000 barrels a day of the crude oil that passes down from Alaska's North Slope to Valdez, said it had told six west coast refineries that it would be reducing deliveries of Alaska crude by 15-20 per cent in April.

British Petroleum, the largest lifter of Alaskan crude oil, said that it was still hoping to maintain deliveries despite the five-day closure of the Valdez oil terminal in response to the accident.

The company invoked force majeure as a reason for breaking its supply contracts. But BP America, which lifts fully 45 per cent of the pipeline's 2m b/d capacity, said it had not imposed force majeure and it was still evaluating its stock positions and loading rates.

As the giant oil slick continued to spread south and west from the disabled Exxon Valdez aground in Prince William Sound, Exxon said it hoped to have all the remaining crude out of the vessel by the weekend.

Mr Les Rogers, a spokesman for Exxon's shipping subsidiary, said: "We hope to have the lighterage completed by Friday." The company is then expected to try and patch the Valdez and tow it away.

But already some 240,000 barrels of crude oil have spread over Prince William Sound, the site of a commercial fishery valued at as much as $100m a year.

The coast guard said that helicopter flights on Wednesday had revealed patches of oil as far as 50 miles from the wreck.

Exxon, which was operating 10 skimmers to remove oil from the surface on Wednesday, has admitted that it had lost control of the slick.

"It has spread to such a large area," Mr Rodgers said. Attempts to burn the heavily waterlogged oil appear to have been unsuccessful, the coast guard said.

But President George Bush said that the US Federal Government would not take over the clean-up of the Alaskan oil spill.

Mr Bush made his decision after meeting senior officials who had visited the site of one of the worst environmental disasters in the country's history.

Following a White House meeting, Mr Samuel Skinner, US Transportation Secretary, expressed satisfaction with what was now being done to deal with the spilling of 10 millions gallons of oil from the grounded tanker.

He said that he and other senior officials were now satisfied that "after a somewhat slow start, the effort is going at full speed."

He believed that Exxon was doing all it could to address the problem, adding that the state authorities in Alaska and the Federal Government were working well together.

Oil ministers' conference, Page 36

Task force to probe Nigerian oil fraud

By Richard Donkin in London

AN INTERNATIONAL investigation has been launched to stamp out an escalating Nigerian oil fraud which is netting millions of dollars from unsuspecting dealers and disrupting trade for the multinational oil companies.

The International Maritime Bureau, established by the International Chamber of Commerce to investigate maritime fraud, has set up a task force to co-ordinate the investigation in response to an "alarming increase" in the frauds involving oil cargoes emanating from the Nigerian port of Bonni.

The companies, though not direct victims of the frauds, are concerned because details of their ships and cargoes are being used to perpetrate the crimes so that consignments often can be impounded in ports for days until ownership is settled.

The fraud takes advantage of the documentation system used in oil sale transactions and an established payment method for international trade using bank-held letters of credit.

The fraudsters send out a series of telexes to potential buyers detailing specific ships and consignments about to leave Bonni, or in some cases already on the high seas. The oil is offered at perhaps $2 or $3 a barrel less than the market price.

An interested buyer can check that the ship and cargo are bona fide in any list of international shipping movements. The owners, however,

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Milken tries to avoid immediate seizure of assets

By Anatole Kaletsky in New York

LAWYERS for Mr Michael Milken, the controversial head of high-yield securities at the Wall Street investment house of Drexel Burnham Lambert, were yesterday negotiating to avoid an immediate seizure of his assets in the wake of the criminal charges laid against him on Wednesday.

In meetings with officials at the US Attorney's office in Manhattan, they were discussing the size of a large financial bond Mr Milken is expected to post with the courts.

Indicted by a New York grand jury on Wednesday night on 98 counts of fraud, insider trading and racketeering, Mr Milken could face 20 years imprisonment and an unprecedented financial penalty of over $1.7bn if found guilty on the two racketeering charges.

Mr Milken, who is on leave of absence from Drexel, continued to protest his innocence. "In America, an indictment marks the beginning of the legal process, not the end," he said.

"After almost 2½ years of leaks and distortions, I am now eager to present all the facts in an open and unbiased forum."

The Racketeer Influenced and Corrupt Organisations Act would permit the Government to move immediately to freeze all Mr Milken's assets even before a trial began.

But officials at the US Attorney's office said yesterday they were unlikely to do this provided Mr Milken was willing to post a bond commensurate with the scale of the charges and with his own immense wealth.

Prosecution officials also indicated they were still open to a possible out-of-court settlement with Mr Milken, despite the breakdown of plea bargaining talks held late last year.

Mr Milken said he would not plead guilty to any charges and would be vindicated in the end.

His brother, Mr Lowell Milken, and one of his former associates, Mr Bruce Newberg, indicted on many of the same charges, also insisted they would do no deals.

The essence of the charges against Mr Milken are that he masterminded at least 96 securities violations in 25 separate financial transactions conducted by Drexel between 1983 and 1986. Many of these deals involved Mr Ivan Boesky, the disgraced Wall Street arbitrageur.

The indictment also covered transactions conducted through Princeton/Newport Partners, a now-defunct investment firm which was charged with racketeering last year.

In addition, Mr Milken and his brother are said to have organised insider trading by Drexel directly in cases involving Viacom and Lorimar, two large entertainment companies.

Mr Boesky and Drexel itself have already agreed to plead guilty to most of the offences covered by the indictment. The Government alleges, however, that Mr Boesky was in effect a pawn in Mr Milken's criminal conspiracy with Mr Milken the main beneficiary from Drexel's crimes because of his $1.7bn in salary and other remuneration.

Draconian law stirs bitter debate; Page 4

US-Soviet joint venture accord marred by Ford's withdrawal

By Quentin Peel in Moscow and John Griffiths in London

FIVE MAJOR US corporations yesterday signed a trail-blazing trade agreement in the Kremlin, but only after the event was tarnished by the last minute withdrawal of the Ford Motor Company.

The deal will give the US companies – Chevron, Eastman Kodak, Johnson and Johnson, RJR Nabisco, and Archer Daniels Midland – special conditions for setting up joint venture production in the Soviet Union.

Put together by the Mercator Corporation of New York, the American Trade Consortium (ATC) effectively guarantees its members remittance of any profits from joint ventures in hard currency, thanks to the oil export earnings expected from Chevron.

However, the last-minute decision of Ford not to participate – officially because it has "decided not to pursue a business venture in the Soviet Union at this time," removes the biggest name of all from the exercise.

Ford had been involved in negotiations aimed at exporting substantial quantities of European-built Scorpio and Granada executive cars to the Soviet Union, as a prelude to modernising a major vehicle plant at Gorky at which Scorpios and Granadas subsequently would be built.

However, the "substantial" investment involved – acknowledged to be far larger than any of the other ventures being negotiated – would have required the Soviet Union to adopt "innovative" financial arrangements, Mr Philip Benton Jr, Ford Automotive Group's president, said last night. "Unfortunately, although there was progress, the framework of understandings reached so far... is not sufficient to make feasible a project of the scope and complexity of Ford's." Ford was "disappointed" but had withdrawn in order not to impede the other companies involved, said Mr Benton.

He refused comment on the precise reasons for the withdrawal, but they are understood to relate to the detailed framework for hard currency transactions.

Ford did not rule out further involvement in Soviet business at a later date, "when the environment for doing business is better defined," said Mr Benton.

Mr Jim Giffen, President of Mercator and of the ATC, said the overall deal would still open the way for some $5bn to 10bn to be invested in the Soviet Union over the next 20 years.

The agreement was actually signed between ATC and a Sovietconsortium, including the Ministry of Foreign Economic Relations, the Bank for Foreign Economic Affairs, the Ministry of Finance, Gosplan (the state planning agency) and 23 other state enterprises.

It amounts to a framework for joint ventures yet to be negotiated. Mr Giffen said there were some 25 joint ventures which would be proceeding in the coming months, involved in food and food products, energy, medical pharmaceutical and health care products, and other consumer goods.

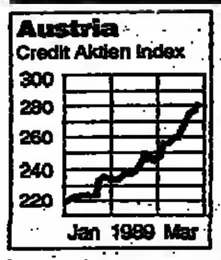
For the Soviet Union, and the ATC partners, the biggest attraction is that the agreement effectively creates its own zone of currency convertibility, by using the export earnings of Chevron to underpin any profits that may be earned.

At the same time the agreement provides special tax regulations, legal, accounting and employment rules, for its members. It has all been incorporated in a special decree of the Soviet Council of Ministers.

Mr Giffen said too much emphasis had been put on currency problems. The key to the deal was assembling a "critical mass" of US business muscle to negotiate the whole range of regulations. More liberal Soviet legislation on joint ventures announced in December, including permission for foreign partners to hold more than 49 per cent of the shares, was a direct result of the ATC negotiations, he said.

MARKETS

Austria
Credit Aktien Index



STERLING
New York latest
$1.6885 (1.6860)
London:
$1.6850 (1.6905)
DM3.1900 (3.1975)
FFr10.7725 (10.7950)
SFr2.7850 (2.7825)
Y223.75 (224.50)

DOLLAR
New York latest
DM1.8909 (1.89425)
FFr6.3815 (6.3820)
SFr1.6500 (1.65125)
Y131.85 (133.325)
London:
DM1.8930 (1.8915)
FFr6.3925 (6.3850)
SFr1.6530 (1.6455)
Y132.75 (132.85)

INTEREST RATES
US lunchtime
Federal Funds $9\frac{7}{8}$% ($9\frac{13}{16}$)
3-mth Treasury Bills: yield: 9.274% (9.253)
Long Bond: $97\frac{11}{32}$ ($97\frac{1}{2}$)
yield: 9.126% (9.112)
London
3-month interbank: close 13% (same)

GOLD
New York latest
Comex June
$386.4 (387.5)

STOCK INDICES
New York latest
Dow Jones Ind. Av.
2,284.09 (+2.57)
S&P Comp
293.42 (+2.07)
London:
FT-SE 100
2,049.4 (-22.3)
World:
141.17 (Wed)
Tokyo
Nikkei Ave
32,826.13 (88.85)
Frankfurt
Commerzbank
1,641.5 (+5.2)

OIL
Brent 15-day (Argus)
$19.90 (+0.60) (April)
West Tex Crude
$20.825 (+0.62) (May)

CONTENTS

Gatt's future on line in farm trade talks

Mr Arthur Dunkel (left), director-general of the Gatt, will today start on his last attempt to resolve four issues on which the trade ministers' mid-term review of the Uruguay round broke down in December. Page 20

EUROPEAN NEWS

Last stop Belmullet, Co Mayo, for the Brussels gravy train

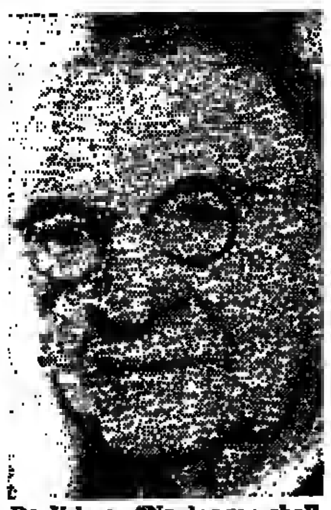
EC funding will solve only some of the many problems in rural Ireland, says Kieran Cooke

BELMULLET, in County Mayo, Republic of Ireland, is one of the most remote corners of Europe. To the west, the next parish is the Bronx in New York City. Dublin is 200 miles away to the east.

Only 10,000 people live in the area: the road to Belmullet winds through miles of desolate bogland. It is strikingly beautiful but lonely country. A doubling of EC structural funds between 1988 and 1993 is designed to help Mayo and other regions on the periphery of Europe.

In advance of the removal of trade barriers in 1992, the Brussels planners want to assist such less-developed areas to overcome their handicaps. The Republic of Ireland has been classified as a less-developed or "Objective 1" region, due both to the fact that per capita income is only two-thirds the EC average and because unemployment, at 18 per cent, is among the highest in the Community.

The Irish Government has been optimistically predicting more than I£3bn ($4.2bn) of



De Valera: "No longer shall our children, like our cattle, be brought up for export."

EC structural fund support in the years up to 1992. Mr Charles Haughey, the Irish Prime Minister, has talked of the golden opportunity such funding offers: "An opportunity) to build a more efficient economic base on which we can strengthen and expand our productive capacity by eliminating structural weaknesses and deficiencies and overcoming the disadvantages of our position on the periphery of Europe."

Many people in Belmullet, and elsewhere in Ireland, are sceptical about seeing any benefits from increased structural funding. There is a widely-held belief that the Government will only disburse funds to projects it favours and local people will be given little choice in the allocation of the largesse from Brussels.

Mr Tim Quinn is head of the local co-operative in Belmullet, serves on the County Council and is a member of the governing Fianna Fail party. "The Belmullet area is the most underdeveloped in Ireland. Sometimes I think the Dublin politicians and civil servants would be happy to see Mayo slide off into the Atlantic," says Mr Quinn.

Mayo suffers from widespread unemployment. In recent years hundreds of people have left the area – moving to England or the US.

"No longer shall our children, like our cattle, be brought up for export." These were the words of Mr Eamon de Valera, one of the founders of the Irish state, in 1934. It is estimated that more than 70 per cent of students who finished school in Belmullet last year have left. Much of the social fabric of the community has broken down. The hotel in the town square is long since boarded up. The local dance hall has closed.

Mr Quinn thinks that structural funds might bring some benefits. But what needs more urgent attention is the plight of the small farmer.

"There's been talk of projects with farmers breeding pheasants and quails. It's just a lot of poppycock invented by people far away with fancy ideas. What you've got to do is let the small farmer improve his lot. If not, emigration will continue and the more remote country areas will die."

Local government has little power in Ireland. With no domestic or farm land rates, local authorities depend almost entirely on Exchequer funding.

The present Irish Government abolished regional development organisations in 1987. For purposes of structural fund applications, the country has been divided into seven regions. Working groups and advisory groups have been formed in each area and asked to submit a shopping list of local proposals. Critics say the Government is attempting to hoodwink Brussels into believing there has been local participation in formulating regional development plans.

"The working groups are all chaired by civil servants from the Department of Finance. There is no local say, the whole thing is a sham," says

Haughey: Fighting "the disadvantages of our position on the periphery of Europe."

Mr Ruari Quinn, a Labour Party member of the Dail.

Mr Albert Reynolds, Ireland's Minister for Finance, dismisses such charges. He says there has been extensive consultation with local groups and accuses government critics of attempting to sabotage efforts to maximise Ireland's receipts from the EC structural funds.

But questions about the funds continue. The Government, it is claimed, has wildly exaggerated the expected "take" from Brussels. Ireland will have to compete for funding with other, poorer countries such as Portugal and Greece.

"The Government is going cap in hand to Brussels one day and the next it's telling the people here that from now on it's EC-supplied gravy all the way. It's all nonsense," says one opposition Dail member.

The people in Belmullet have heard too many promises over the years and seen too many projects come and go. They are trying to help themselves, building a new golf course and expanding tourist facilities. "People here are remarkably resilient," says Tim Quinn. "When Ireland joined the EC in 1973 we heard lots of talk about redressing the balances within Ireland and Europe. But for people out here it seems only to heve become more unequal."

High price of education reform in France

By Ian Davidson in Paris

AFTER WEEKS of negotiations with an embittered and resentful teaching profession, the French Government has now carried its project for a far-reaching reform of education to the half-way mark.

The proposals for increasing teachers' pay put forward in January by Mr Lionel Jospin, the Education Minister, and substantially modified during negotiation, has now been effectively settled; but it has still not secured the agreement of the largest teaching unions.

It appears, however, that the Government intends to implement the increases, and press on to the next stage of the reform plan, the modernisation of the education system itself. That will be incorporated in a bill to be debated in Parliament's spring session.

In the course of the negotiations, Mr Jospin has been forced to increase substantially the amount of money being earmarked for pay rises, and has dropped a plan to introduce a performance or merit factor in teachers' pay.

In January, he was talking of an extra FFr10bn ($920m) spread over five years, compared with this year's education budget of FFr209bn. By this week, the kitty had grown to FFr11.6bn over the five years 1989-94, plus an additional FFr6.2bn for 1994-98.

The increase in the pay offer is bound to add to the Government's prospective difficulties in bringing down the budget deficit.

At the beginning of February, Mr Michel Rocard, the Prime Minister, called for FFr10bn to be held back this year from the budget for all ministries, exempting only top priority departments such as Education. The ostensible reason was concern about the trade deficit. But, even then, it appeared that he was seeking extra manoeuvering room for the education reform project.

But if the planned increase in teachers' pay looks daunting for the Government's finances, it looks less impressive to a profession which has long felt underpaid and undervalued. At the start of the negotiations, unions were pressing for across-the-board increases of FFr2,000 per month or more; but according to one leader, the average pay increase now on the table will only work out at around FFr500.

The reform of the education system itself is designed to ensure that 80 per cent of children reach the level of the school-leaving baccalaureat. To that end, the Government wants to make the system more flexible, with simpler examinations, a lighter work load, and a switch of emphasis from class lectures to more individual study and more individual help from teachers.

This is bound to require radical changes in the formalistic and hide-bound methods of the French teaching profession. But it may not be easy to secure agreement after a pay negotiation which has crystallised teachers' resentments and left most of them dissatisfied.

Prospect of early Turkish election looms as Ozal ponders poll setbacks

By Jim Bodgener in Ankara

TURKEY'S new cabinet is expected to be announced today, amid mounting speculation over whether Mr Turgut Ozal, the Prime Minister, will call an early general election following last Sunday's massive rejection of his Motherland Party (ANAP) in local elections.

Mr Ozal has insisted that his Government will stay its course until 1992, but has suggested recently that he may go to the country earlier if the moment seems ripe. Yesterday, he denied newspaper speculation that his Government might starve the municipalities of funds in order to foment widespread dissatisfaction to the ANAP's benefit.

On Monday, his cabinet resigned to prepare for a reshuffle aimed at restoring the goverment's flagging image, which has been stained by allegations of corruption in high places. The new cabinet list was presented for ratification to President Kenan Evren yesterday.

Announcement of the cabinet will be accompanied, as usual, by a vote of confidence in the Government. Given ANAP's 289 seats in the 450-seat Parliament, this will be a rubber-stamp exercise, but any defections will provide the first whiff of rebellion within the party which may later break into outright revolt.

However, in advance of the reshuffle, overt dissent within party ranks has been suspended. The calm was further intensified by the shock at yesterday's shooting of an independent MP inside Parliament allegedly by an ANAP deputy.

As the murder seems to be the product of local jealousies in Siirt province, it is not expected to release a flood of political recrimination. But it has heated the already volatile atmosphere.

At the same time, the biggest victor in the local elections, the main opposition Social Democratic Populist Party (SHP) clearly is not ready for a snap general election. It is almost as divided as ANAP, particularly because its leadership is undecided whether to support the sympathy for Kurdish nationalism of its grass-roots members.

The SHP took around 28 per cent of the total vote, and six of the eight large cities, including Ankara, Izmir, and Istanbul, the last of which was a severe blow to ANAP's confidence.

Now Professor Erdal Inonu, the SHP leader, says that general elections should be called within a year. He said this week that the poll should preferably come before the selection of a new President by Parliament in October, but that at the very least there should be a cross-party consensus on the choice to replace President Evren.

The local election results have given a new lease of political life to Mr Suleyman Demirel, leader of the third largest parliamentary grouping, the True Path Party (DYP), and a veteran ex-Premier. His standing within the party has slipped of late. He now needs to capitalise on the swing to DYP of small tradesmen and middling farmers in the small towns and villages of Anatolia.

They might have been a fringe constituency for ANAP, but have been alienated, like so many people, by the Government's apparent failure to tackle high inflation.

The Government's present austerity measures will remain despite the election result, Mr Ozal stated yesterday. Last year, the Government reined in previously high growth to such an extent that businessmen complain that the boom is sliding into bust and stagflation.

But with the judicious use of the record current account surplus of $1.5bn in 1988, Mr Ozal could lower inflation. The surplus could also be deployed to stimulate business confidence, particularly in the export sector, hard hit by the phasing out last year of export tax rebates.

The sort of cabinet reshuffle anticipated before Sunday's elections would strengthen the Government's economic management, until last week controlled in a highly individualistic style by Mr Yusuf Bozkurt Ozal, State Minister for the Economy. However, Mr Ozal may now need to concede more in the cabinet list to fissiparous groups within ANAP, particularly the "holy alliance" of Islamic conservatives and right-wing nationalists which accounts for a quarter of the party's parliamentary complement.

Grey power rears its aged head in West Germany

By David Goodhart in Bonn

MS TRUDE UNRUH, feminist, ecologist and old age pensioner, is threatening to set up Europe's first nationally organised political party for pensioners if the West German political system does not improve its representation of the interests of the elderly.

Ms Unruh, who currently sits in the Bundestag with the Greens (although she is not actually a member of the party) is a popular spokeswomen for "grey power" and runs the most radical of the pressure groups for the elderly, known as the Grey Panthers.

Her threat is unlikely to become a further headache for Mr Helmut Kohl's troubled centre-right coalition. But for his successor, 30 years from now, grey political power could be an uncomforable reality.

There are already 9.3m West Germans over the age of 65 (3.2m men and 6.1m women), more than 15 per cent of the population, and the number is expected to rise to 15m by 2030. If a party wins more than 5 per cent of the popular vote it qualifies for Bundestag representation, but in the delicately balanced coalition system a sub-5 per cent vote can also bring considerable clout.

Ms Unruh's immediate argument is with her political friends in the Greens. She says she will form a pensioners' party if they refuse to reserve a number of places on their electoral lists. They are almost certain to refuse.

However, there is some doubt whether she really will plough ahead with the tiresome and expensive business of starting a party. Almost all the other associations for the elderly would oppose a party for fear of "ghettoisation".

Mrs Ingeburg Seldte, of the Federal Senior Citizens Association, said: "The elderly are as differentiated as the young, and we are already represented in all the main parties."

Ms Unruh obviously does not think much of that representation; and she should know as e former member of the Christian, Free and Social Democrats.

EUROPEAN NEWS

Solidarity talks fail to break Polish deadlock

By Christopher Bobinski in Warsaw

TWELVE hours of talks on Wednesday between Solidarity and the Polish authorities failed to break the deadlock in the closing stages of tha round-table conference which started on February 6 and which aims to return the banned trade union to public life and bring the opposition into parliament.

The failure to agree came at a conference in a Warsaw suburb, between Mr Lech Walesa and General Czeslaw Kiszczak, both of whom were accompanied by negotiators.

In effect, the dispute comes down to whether the authorities are ready to countenance losing control of the legislative process to the new Senate, where there is every likelihood they will be in a minority.

Mr Stanislaw Ciosek, a key figure on the Communist Party side in the negotiations, said the future stability of the country was at stake. Solidarity is insisting that a two-thirds majority would be needed in parliament, where the authorities will, under the round-table contract, hold 65 per cent of the seats, to over-rule a Senate veto on new laws.

The authorities, for their part, want parliament to be able to dismiss Senate objections by at most a three-fifths majority, which would still be within the block of seats they expect to control.

Another Magdalenka meeting is scheduled for Monday after today's Communist Party central committee meeting, which the leadership had hoped would be able to approve the round-table accord. Earlier this year, General Wojciech Jaruzelski had to ask for a vote of confidence to bring the central committee behind his decision to enter the round-table talks.

Now, time is running short if the authorities want to hold elections as planned at the beginning of June, for this means that draft election laws and constitutional changes should be passed by parliament by April 9. But yesterday, Mr Ciosek admitted that if agreement is not reached on Monday, then the April 5 date pencilled in as the ceremonial conclusion to the round-table is in jeopardy.

Vassiliou hints at Cyprus bid for EC membership.

By Andriana Ierodiaconou in Athens

CYPRUS MAY well follow on the heels of Austria and Malta in applying for full membership of the European Community, according Mr George Vassiliou, the Cypriot President.

"We will have some problems at home but I believe we can overcome them," he told the Financial Times, referring to possible opposition to the application from the large Greek Cypriot Communist Party (Akel), which is close to the Soviet leadership.

Akel's support was a key factor in Mr Vassiliou's election to the presidency, for which he ran as an independent, in February last year. The highly orthodox Communists have traditionally opposed the EC on ideological grounds, but Akel has lowered the tone of its anti-Community rhetoric recently.

The fact that neither Austria nor Malta are members of Nato will also make it easier for the Government to reassure Akel that membership would not mean a shift in Cyprus's non-aligned foreign policy.

Mr Vassiliou said EC accession could prove the key incentive encouraging Turkey to solve the Cyprus problem. Turkey invaded and occupied the northern sector of the island in 1974 following a Greek military coup against the Cypriot Government.

Mr Vassiliou and the Turkish Cypriot leader, Mr Rauf Denktash, have been engaged since last September in United Nations-sponsored negotiations to restore the political unity of Cyprus by establishing a bicommunal, bizonal federation.

He conceded that the rate of progress had been disappointing but was still hopeful of reaching agreeement with Mr Denktash. The two completed a second phase of talks on March 28, and are scheduled to report on their progress to Mr Javier Perez de Cuellar, the UN Secretary General, on April 6 and 7.

Mr Vassiliou arrived in Athens yesterday to brief the Greek Government and opposition.

"Progress is slower than I had hoped. I had hoped to cover more ground," he said. "But when you enter a process like that you can neotiate for a long period without result and then suddenly there can be a breakthrough."

The two sides are believed to be close to drafting a workable system of federal government. Mr Vassiliou said he was determined to forge ahead with a settlement which he considered reasonable, even if it did not enjoy the approval of all Greek Cypriot political parties. He added, however, that any settlement reached with Mr Denktash would be submitted to a referendum among Greek Cypriots before being adopted.

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Gorbachev pledge on E Europe creates stir

By Leslie Colitt in Berlin

PARTY LEADERS throughout Eastern Europe will be closely analysing a remarkable pledge given last week by Mr Mikhail Gorbachev to Mr Karoly Grosz, the Hungarian leader.

Five days after his talks in Moscow with Mr Gorbachev, Mr Grosz startled the Central Committee of his party in Budapest by revealing that the Soviet leader had addressed the issue of the Hungarian uprising in 1956 and the Prague Spring reforms of 1968, both of which were ended by Soviet military intervention.

"Surveying the experiences of 1956 and 1968, Mr Gorbachev said that all possible safeguards should be provided so that oo external force can interfere in the domestic affairs of socialist countries", Mr Grosz said, according to the Hungarian news agency MTI.

The repudiation of what is known as the Brezhnev Doctrine of limited sovereignty – although ironically it was the reform-minded Nikita Khrushchev who sent Soviet tanks into Budapest in November 1956 – is of enormous consequence for Eastern Europe.

Mr Gorbachev and Mr Grosz, however, made clear that there could be no neutrality "under current conditions" for a member of the Warsaw Pact.

Ever since Mr Gorbachev first stated that each Warsaw Pact country should be allowed to develop its own socialist system, East European leaders have been pondering whether this meant that Moscow would still intervene militarily to stop political reforms going too far.

"This is a very important declaration and a criticism of the past," Mr Istvan Degen, a Central Committee spokesman in Budapest, said yesterday. He admitted that the situation was now "very difficult" for Mr Janos Kadar, the former Hungarian leader, who resigned under pressure last May.

Mr Kadar remained stoically silent when his party recently revised its previous assessment of 1956 as a "counter-revolution" and said that it began as a genuine "popular uprising."

After allying himself with Moscow to crush the uprising, Mr Kadar came to power immediately afterwards.

Mr Gorbachev's assurance that Hungarian specialists would be given access to Soviet-held documents on 1956 can only deepen the difficulties of Mr Kadar.

The Soviet leader's pointed reference to 1968 when Soviet-led Warsaw Pact troops occupied Czechoslovakia is an ominous signal to the present orthodox leadership in Prague.

Mr Gorbachev, in effect, said what several Soviet publications recently stroogly suggested: that the crushing of the Czechoslovak reforms in 1968 was a mistake.

The present Czechoslovak leadership came to power oo the back of the Soviet invasion. To acknowledge events now as a mistake would be disastrous.

Yet Mr Degen said the Czechoslovak leadership now had no other alternative but to revise its position on 1968. "There is oo other way for them to solve the problem. Delay only makes things more difficult," he noted.

Belgium moves to protect Moslem leaders

By William Dawkins in Brussels

BELGIAN POLICE yesterday stepped up security around prominent members of the country's 250,000-strong Moslem community in the wake of the shooting of two moderate Islamic clerics. But the authorities made no progress towards identifying either the killers or their motive.

Belgium's Government voiced horror at the murders, which may have been provoked by appeals from one of the victims, Mr Abdullah Adhel, the Saudi Arabian director of the World Islamic League's Brussels centre, for a calm response to the British novelist Salman Rushdie's book, The Satanic Verses. If so, these are the first deaths in Europe resulting from the row.

Belgian security forces have contacted their counterparts in other European countries and stepped up surveillance at frontiers and at Brussels' airport, said Mr Willy Claes, the Deputy Prime Minister.

The British Home Office said the incident would be raised at May's meeting in Madrid of the 12 ministerial members of the Trevi group, which exists to co-ordinate the fight against international crime.

"It is with horror that the Belgian Government learned of this double murder, an act which it condemns rigorously," said Mr Claes. Meanwhile, the Saudi ambassador called on Moslems to keep calm and co-operate with the authorities to unearth "the criminals who have perpetrated this odious act."

The bodies of Mr Adhel and Mr Salem El Behir, his Tunisian librarian, were found, shot in the head, in their offices the previous evening. An hour beforehand, they had met Islamic leaders from the city to smooth out differences about television and newspaper interviews given by Mr Adhel, in which he had advocated moderation in the political row provoked by Iran's death threats to Mr Rushdie.

While most of Belgium's Moslems belong to the relatively moderate Sunni sect, Mr Adhel's remarks elicited anonymous telephone threats. Belgian police consequently put him under "discreet surveillance," even though he insisted it was needless. Mr Claes said police did not exclude political or religious motives, but all possibilities were still wide open.

European Community governments last month recalled their ambassadors from Iran as a result of the threats to Mr Rushdie, in an unusually fast and co-ordinated response. Mr Felipe Gonzalez, the Prime Minister of Spain, now occupying the EC presidency, said during a visit to the Commission yesterday that the killings underlined the extent to which "international co-operation was essential" in the fight against terrorism.

Gorbachev stays silent on Yeltsin landslide

By Quentin Peel in Moscow

MR Mikhail Gorbachev avoided comment on the landslide victory of Mr Boris Yeltsin in Moscow at his top level briefing to Soviet media chiefs on Wednesday, a senior newspaper editor said yesterday.

Mr Gorbachev insisted he was satisfied the election was "a big success for perestroika", and that in spite of the defeat of a string of leading figures in the Communist Party, it was still "a victory for the party". He said that those who lost their seats – including Mr Yuri Solovev, the Leningrad Region Party chief, and the city party bosses in Moscow, Leningrad, Kiev and Minsk, as well as more than 30 oblast (regional) first secretaries – had been judged on their work.

The editor, who asked not to be named, said Mr Gorbachev admitted that his reforms were in "a very complicated political and economic situation", and that there was criticism that it was going too slowly. However, the Soviet leader maintained that by daring to vote against leading party figures, the people had "voted for perestroika".

An official spokesman said Sunday's results meant the first session of the new Congress of People's Deputies would have to be postponed until after run-off contests.

Officials said earlier this week that the revamped parliament, intended as a centrepiece of Gorbachev's political reforms, would meet in Moscow by the end of April.

On the other hand, he avoided any comment on Mr Yeltsin's victory, which clearly still seems to be a sensitive point for the party leaders. The disgraced former chief of the Moscow party, dismissed from that post and the Politburo last year for daring to attack the pace of reform, won almost 90 per cent of the vote in Moscow in a crushing defeat of his officially-backed rival.

Mr Gorbachev's statement to the editors is expected to be published by the Soviet press today or soon.

Brussels demands Bonn timetable for curbing state aid to coal mines

By David Buchan in Brussels

BONN MUST present plans to reduce future state aid to West Germany's coal mines if it wants Brussels to continue giving the go-ahead to its aid programmes, the European Commission said yesterday.

As a condition for blessing DM5.39bn (£1.7bn) state aid to coal mines for 1987-88, the Commission said it was giving Bonn until the autumn to come up with a plan to reduce such state aids over the next five years.

The Commission, which has certain semi-autonomous powers in controlling state aids, also said it was inviting the West German Government to draft a new rationalisation plan for its coal industry. West Germany has the single largest coal sector in the EC in terms of employment (156,000 people in 1987) but is second to the UK in output with extraction of 82m tonnes in 1987.

At the same time, the Commission has decided to sanction for another nine years a modified version of the so-called *Hüttenverträge* (steel agreements), whereby six West German steel companies will buy most of their coking coal from Ruhrkohle, the big coal producer, until the end of 1997.

The Commission justified its authorisation by noting that Ruhrkohle would no longer be exclusive supplier to the steel mills, which would be free to use fuels from other sources. The smaller Auguste Victoria coal mine is also to participate in the scheme.

But the real reason for letting the *Hüttenverträge* arrangement remain undisturbed is that none of Bonn's EC partners has coking coal which it wants to sell to the West German steelmakers.

This is in contrast to the power sector, where France is pushing to sell its relatively cheap nuclear-generated electricity to West German industry and has formally complained to Brussels about the so-called *Jahrhundertvertrag* contract which ties West German utilities to using large quantities of German coal.

Commission officials are now investigating the *Jahrhundertvertrag* on the ground that it may be frustrating real potential competition which does not exist in coking coal.

However, a West German diplomat said yesterday that "the French should not be too optimistic about a German market for their electricity if the *Jahrhundertvertrag* comes to an end". West German power stations, many with expensive new sulphur-scrubbing equipment, might equally turn to buying imported coal.

Stressing its desire for a "political" settlement, rather than a legal wrangle with Bonn, the Commission yesterday warned that it was eyeing state aids in other EC coal-producing member states.

West Germany is easily the biggest aider of its coalmines. The Government spent DM3.45bn in direct aid in 1987 to keep the price of domestic coking coal for its steel industry down to that of imports.

WORLD TRADE NEWS

GE-Snecma wins $1bn aero engine contract

CFM International, a joint venture of General Electric of the US and the French manufacturer Snecma, announced yesterday that it has negotiated a $1bn contract to supply USAir with as many as 250 CFM56-3 model jet engines, AP reports from Evendale, Ohio.

CFM International, based in Evendale, said the agreement is the largest in the 10 years since it began selling jet engines. USAir is a domestic carrier.

The CFM56-3 is used in the Boeing 737-300, 737-400 and 737-500 series of jet aircraft. USAir and Piedmont Airlines, which are customers for the 737-300 and 737-400 aircraft respectively, have options on orders for 120 Boeing 737 jets to be delivered between 1991 and 1995.

Both airlines are subsidiaries of USAir Group and are to be merged on August 5. USAir and Piedmont have ordered or taken delivery on a total of 165 of the 737-300 and 737-400 jets, officials said. USAir is CFM International's largest commercial customer.

Since entering commercial service in late 1984, the CFM56-3 engine has logged more than 6 million flight hours.

Canadians mount challenge to Europe's big air shows

By Nancy Dunne and Michael Donne, Aerospace Correspondent

CANADA, with $4m in government grants and a stunning exhibition site left from its 1986 World Exposition in Vancouver is set next August to challenge the European hegemony in international air shows.

Officials of Airshow Canada say they have commitments from the world's leading aerospace companies to participate in the North American show, to be located at Abbotsford Airport, just outside Vancouver. Dozens of small companies have signed on, discouraged by the rising costs of exhibiting in Paris one year and Farnborough in Britain the next.

Mr Patrick Reid, formerly a senior diplomet stationed in London and now airshow chairman, believes that the prestigious European exhibitions hava become so expensive that their cost-effectiveneee is increasingly in question.

"It is inconceivable that the rest of the world will continue to go to these expensive shows," he said. Ultimately, he expects one of the European shows to fade, and then a three-year rotation of major airshows to emerge in Asia, North America and Europe. Singapore has already begun to hold a show every other year, and Canadian officials have scheduled their own in Singapore's off year.

Mr Reid is contacting about 50,000 potential huyers and expecting up to 15,000 this year.

The Soviet Union is sending its MIG-29, its latest fighter aircraft. American participation inclndes the F-14, the supersonic B1B Bomber, the SR71 Blackhird-Mach reconnaissance aircraft as well as F-15 and F-16 aircraft.

For the first time Sonth Korea has agreed to attend an international aerospace trade show. Japan has promised strong participation, and China is to send a major delegation.

The Canadian move comes as world aerospace manufacturers are increasingly reluctant to become involved in any more major international air shows, because of the increasing number of them and the heavy costs of participation.

For major companies such as British Aerospace, Airbus, Boeing and McDonnell Douglas, it can cost several million dollars to participate for a week or so in the biennial Farnborough and Paris international shows, after taking account of executives' time, travel and hotel and other bills, and tha cost of flying aircraft to, from and during such shows.

Participation in the alternating Farnhorough and Paris shows is now regarded as essential. Not to appear makes any company conspicuous by its absence, and raises international rumours as to its solidity in the world marketplace – as some who withdrew from Farnborough some years ago discovered to their cost, resulting in their rapid reappearance.

But among the smaller shows world-wide there ls intense competition, and two alone now seem to be making all the running – Singapore, held in January-February of the same year as Farnborough (in September), with the next one dne in 1990, and now also Dubai, held in January-February as the same year as Paris (in June). Dubai this past February wes rated a spectaculer success, and will be held again in early 1991.

Both those regional shows cover areas of vast potential aerospace expansion, and can thus expect to win increasing interest, becanse they are well-organised showcases in growing markets.

But many other would-he international air shows either barely cover costs, or fail, because they have little to offer beyond local interest, which does not justify the heavy costs involved.

Gatt's future on line in trade talks

William Dullforce looks at an attempt to resolve the farm deadlock

MR Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade (Gatt), will embark this morning on his final attempt to resolve four issues on which the trade ministers' mid-term review of the Uruguay Round broke down in Montreal in December.

The central issue is the reform of world farm trade, distorted hy enormous government subsidies. Here the impasse between the US and the EC over the approach to long-term reform has been the main stumbling block.

The three other issues are the industrialised countries' wish to introduce greater international protection for intellectual property rights, the desire of some developing countries to open up trade in textiles and clothing to Gatt freedoms, and improvements to the Gatt "safeguards" system which allows governments to protect industries against unexpected surges in imports.

At stake is the outcome of the multilateral negotiations launched in Uruguay in 1986 to expand and reinforce a liberal world trading system. Agreements in 11 other areas, including trade in services and tropical products and the strengthening of Gatt's dispnte settlement mechanism, were put "on hold" in Montreal and may never be implemented, if the four outstanding issues are not settled next week.

Equally at stake are Gatt's own future role as the arbiter of international trade and ultimately the prospects for free trade at a time when industrialists and politicians, notably in the US, are calling for protectionist action to counter their trade problems.

Mr Dunkel will start today informal consultations with delegates from more than 20 of the biggest trading nations on the four "working papers" he has tabled.

Consultations, ebbing and flowing through various groupings of Gatt's 96 members, are expected to continue through the weekend, to prepare for the formal confrontation in the Uruguay Round's trade negotiations committee, which opens next Wednesday.

The task of sorting out the mess has been left this time to Mr Dunkel and senior officials. However, a feeling that some ministers are hovering in the wings ready to appear on the scene was enhanced this week by the announcement from Washington that Mr Clayton Yeutter, US Agriculture Secretary and former US Trade Representative, would make a six-hour stopover in Geneva on Wednesday (later changed to Thursday evening).

Mrs Carla Hills, the new US Trade Representative, has said she has no plans to appear but, if the proclaimed innocence of Mr Yeutter's stopover should prove to be false, a descent of ministers on Geneva cannot be excluded.

The fact is that as of yesterday the outcome of Mr Dunkel's mediation efforts could not be safely predicted. Among negotiators already in Geneva none voiced unqualified approval for the working papers in which he has sketched out possible accords that would allow the Uruguay Round to continue.

In the crucial agricultural area his paper has – temporarily at least – prompted US and EC officials to restate their divergencies and highlighted the real difficulties both Washington and Brussels have in agreeing a common approach to reform.

Both appear to be ready to accept his reformulation of the objective for reform as "substantial progressive reductions (in farm supports) . . . sustained over an agreed period of time". This modifies Washington's initial demand for the elimination of all trade-distorting farm supports within a fixed period.

But the EC regards as much too explicit Mr Dunkel's elaboration of the guidelines for long-term reform. It does not want the goal to be described as a "market-oriented" farm trading system and objects to the proposal that all import barriers should be converted into tariffs – a move that would include the variable levies on which the Community's two-tier pricing system is based.

The US has most difficulty with the short-term action outlined by Mr Dunkel. In particular, the Americans object, it would be politically impossible in the US to enforce his proposal that there should be no relaxation in current production restrictions such as the US land set-aside programme.

Crucial complications come from the third major force in the farm reform arena, the 13-nation Cairns group of farm exporters, whose five Latin-American members have put a block on the results of the Montreal meeting until they receive satisfaction in the agriculture area.

Mr Dunkel's short-term proposals concentrate on freezing subsidies and supports at their current levels and make only passing reference to the percentage cutbacks starting in 1990 for which the Cairns group has been asking.

In fact Mr Dunkel appears to aim at an accord that would first stop the escalation in subsidies and then concentrate on negotiating e sound long-term programme. This would avoid the difficulties of taking further short-term action, for instance, in deciding on the measuring instrument that would be needed to control cutbacks.

The assumption is that the Cairns countries will recognise their primary interest in obtaining a long-term programme of reductions. The group, notably the Australians, are insisting that any agreement must incorporate an unequivocal commitment to reduce protection for agriculture.

Another widely held assumption is that an agreement on farm trade will unlock the three other issues. A faw believe this could be a miscalculation at least in the area of intellectual property rights (IPR).

Brazil and India lead Third World opposition to the industrialised countries' demand that principles, standards and an enforcement system for IPR should be negotiated and introduced in Gatt.

In his IPR paper Mr Dunkel has "concocted a stew that pleases neither side", a US official said. Its proposals would commit the developing countries to negotiating IPR principles and rules. At the same time the proposals contain no references to Gatt and imply that the question of which organisation should handle any agreement should be left to the end of the negotiations.

Tactically Mr Dunkel's paper may be shrewd. When the fatigue of late-night negotiating and the relief – perhaps – of having reached a farm trade agreement sets in towards the end of next week, negotiators may be ready to accept an IPR solution that lets talks continue without binding anyone.

But first the agriculture hurdle has to be taken.

The International Chamber of Commerce warned of "tragic" consequences for the trading system if the world'e leading industrial powers fail to put the Uruguay Round of trade negotiations back on track at their meeting in Geneva next week, writes Peter Montagnon, World Trade Editor.

"We cannot believe that any of the governments of the great nations concerned wish to signal to the rest of the world that they are prepared to see international trada return to the conflicts which the General Agreement on Tariffs and Trade has kept at bay," it said in a statement circulated to leading Gatt member governments.

Considerable progress has been made in the Round in a number of areas and it could yield "highly useful and desirable results" as long as it is not allowed to flounder at this stage, the statement said.

US farm groups express opposition to Dunkel plan

By Nancy Dunne in Washington

OPPOSITION is surfacing in the US Farm Belt to the proposed "Dunkel Plan" in the Gatt talks, which would freeze domestic farm policies in the developed countries, while working for "substantial progressive reductions" in subsidies and protection.

The National Family Farm Coalition, an organisation of 42 farm groups in 35 states, says the Gatt director's plan would lock in "failing" US farm policies for two more years.

The coalition supports higher farm prices to cover what it claims are production costs higher than farmers' returns and extensive domestic acreage controls. Mr Dixon Terry, president of the coalition and an Iowa dairy farmer, accused the administration of being "ready to sell us out."

"The Dunkel Plan ignores the most basic problem for farmers, taxpayers and the environment worldwide - the dumping of agricultural surplus on world markets at below-cost-of- production prices," he said. "A positive Gatt agreement would allow countries to write domestic farm programmes to protect their own family farmers. Then it could phase out export dumping which encourages overproduction and drives down prices worldwide."

An analysis by the League of Rural Voters, a Minnesota based member of the coalition, warned that the Dunkel Plan would place a floor under current set-asides, which in the US are unusually low this year because of the drought.

"Should the US keep set-asides at these low levels for two to three years, world grain stocks could rise to price-depressing surplus levels," it said. "Higher US production, combined with scheduled cuts in loan rates mandated by the 1985 Farm Bill and current levels of export assistance, could drive world wheat prices down to $50-$70 per tonne within one or two years," it said.

Bovis wins Hong Kong construction contract

By Andrew Taylor, Construction Correspondent

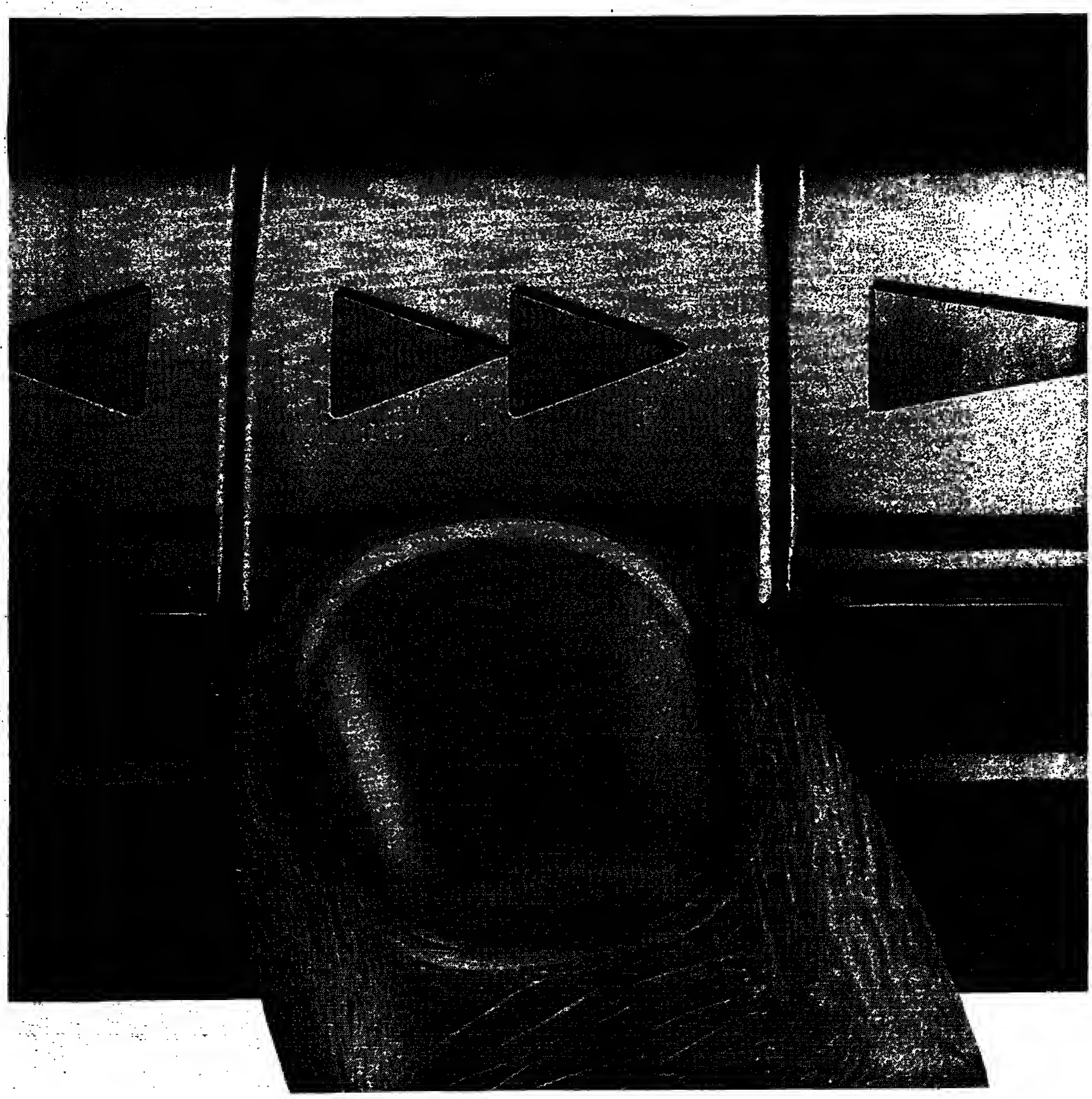
BOVIS, the British construction group and Sung Foo Kee, a Hong Kong developer have been appointed by an international consortium to manage the construction of a £100m commercial property development in Hong Kong. The scheme inclndes two hotels, a commercial centre and an office block.

The developers are Hong Kong Land and Great Eagle, a consortium of Peninsular and Oriental Steam Navigation (P&O); Pritzker of Chicago, owner of the Hyatt hotel chain; C. Itoh the Japanese trading group and Henderson Land, a Hong Kong developer.

Bovis, construction arm of the P&O group, has announced a joint venture with North West Water, a British water authority shortly to be privatised and three Malaysian partners to supply water to the city of Ipoh in Malaysia.

● CFM International, a joint venture of General Electric of the US and the French manufacturer Snecma, has won a $1bn contract to supply USAir with 250 CFM56-3 model jet engines, AP reports.

● Japan Air Services has ordered seven Airbus A300-600R airliners, Reuter reports.



Another taxing time ahead for Japanese politicians and consumers

Ian Rodger discusses the introduction of VAT tomorrow and its possible effect on the popularity of Noboru Takeshita's Government

WITH all the excitement these days over the Recruit political finance scandal, it has been easy to lose sight of another looming event that could add to the turmoil on the Japanese political scene and perhaps even npset the country's booming economy.

Tomorrow a long debated 3 per cent value added tax (VAT) finally comes into effect. Japanese governments have been trying since the late 1970s to introduce a tax on consumption to ease the burden on ordinary wage earners and to reduce the extent to which farmers and other self-employed groups evade tax.

However, the resistance to the reform from the self employed has been so strong that one former prime minister, Mr Masayoshi Ohira, was brought down over the issne and another, Mr Yasuhiro Nakasone, was badly damaged by it.

Today, opposition parties are tingling with excitement in the hope that the new tax will prove so unpopular that, together with the Recruit scandal, it will bring down the Government of Mr Noboru Takeshita. "If May comes and Takeshita is still premier, that means the opposition has lost in this battle," Mr Junya Yano, chairman of the Komeito (Clean Government) party, said last week.

By all accounts, the tax will get off to a bumpy start. As in Britain when VAT was introduced in 1973, there is widespread confusion about how the consumption tax, as it is called, is going to work (see below). Moreover, the implementation will inevitably be clumsy on low priced items because of the relatively small scale of the tax. The post office may be willing to annoy people by raising the normal letter stamp rate from Y60 (26p) to Y62(27p), hnt operators of soft drink machines cannot easily raise their prices from Y100 to Y103.

On the other hand, there is a big sweetener in the package – the elimination of large commodity taxes on luxury goods. Retailers are predicting a stampede for cars, consumer electronic goods, imported whiskies and perfumes and other such products from next week. Also, income tax rates drop substantially for most wage earners on April 1, so disposable incomes will rise.

The beleaguered Mr Takeshita said on Monday he was confident the people would be satisfied with the tax reform once they had realised the full implications of the package, and many political analysts agree the storm over the tax could blow over fairly quickly.

The impact of the consumption tax on the economy is difficult to predict. The Government's Economic Planning Agency has predicted it will add 1.1 per cent to the inflation rate, and most private sector economists broadly agree, in theory, that is what should happen. However, they say many businesses will be tempted to take advantage of the confusion surrounding the implementation of the tax and raise prices inordinately.

Also, the tax coincides with the strengthening of other inflationary forces. Oil and other imported commodity prices are rising and the economy is operating close to capacity. More worrying, the labour market is tight and trade unions are seeking 5 per cent and greater increases in their annual spring wage offensive. Many economists expect the Bank of Japan will have to raise interest rates in the next few months. "It is possible they will squeak through, but there is not a lot of room for error," says Mr Peter Morgan, an economist at brokers BZW in Tokyo.

Shops try to satisfy an incalculable yen for small change

Frantic storekeepers are scrambling for stray coins as prices are set to rise by odd amounts, writes **Michiyo Nakamoto**

FOR Japanese politicians, the main worry about the introduction of 3 per cent value-added tax tomorrow is how it will affect the opinion polls. For economists, the chief concern is a possible resurgence of inflation. But for the average Japanese consumer, the big problem will be having enough one-yen coins.

Suddenly these small aluminium discs, that are worth less than a ha'penny and have long been considered a nuisance, will be in great demand because prices of many goods will end in odd figures. What now costs Y100, a convenient figure for many low-priced items and requires a single coin for payment, will rise to Y103 and require four coins.

"We have been going to the bank every day to collect one yen coins," said an employee at Matsuzakaya department store in Tokyo. Matsuzakaya had originally aimed for Y1m worth of Y1 coins but has not been able to collect even half that amount. A sense of desperation is leading some retailers to call upon employees to bring in any stray coins lying around in desk drawers at home.

The mints will be pumping out an extra Y100m worth of the coins, but the Ministry of Finance has nevertheless felt it necessary to advise banks to ensure an even flow to customers.

With the target date looming, businesses are not only finding that they may be short of change but also that they may not be as ready as they would like to be when the switch-over takes place. New software for computerised cash registers is being introduced at a frantic pace but even the larger, more modernised stores may not be fully prepared. "There is no way we are going to be ready by April 1," says the Japan Chainstore Association.

McDonalds, the hamburger chain, has installed coin counting machines that can count one-yen coins. Mitsukoshi, the up-market department store, has just finished distributing calculators to its employees. Major supermarkets are holding crash sessions to educate their employees on how to deal with customers who complain about price changes. Daiei, a supermarket chain, has come up with a list of over 100 problem situations that could arise. Bookstore owners complain that they will have a complex price system to deal with as some books will include the new tax in their fixed retail price while others will not.

Much of the confusion expected from the introduction of the new system is blamed on the government. Inevitably, the new tax is not particularly popular, and the government has gone to extremes to try to avoid inconvenience to certain pressure groups. As a result, consumers will face new challenges in trying to find bargains.

For example, operators of company-owned taxis must charge the tax immediately but independent operators of taxis do not have to impose it until their meters are changed, a process that could take months. Motorway tolls and bullet train fares paid in cash won't go up but books of tickets will. Many muncipalities have prevented ntilities under their jurisdiction from imposing the tax out of electoral fears.

A phone call made from a private phone will be taxed while one made from a pay phone will not. Or, at least, it will not appear to be. In fact, starting April 1, a Y10 phone call will last only 2.9 minutes instead of 3 minutes. Other businesses have adopted a similar approach. In some of Japan's ubiquitous "pachinko" pin ball machine parlours, a Y100 coin will henceforth buy only 20 balls instead of 25.

While consumers deal with these complications, many businesses will be doing very well.

When the tax reform was being debated last year, retailers expressed concern that some of their competitors would not pass on the tax in an attempt to gain sales. The Government has permitted the formation of temporary cartels in many sectors. However, small businesses, which have been exempted from applying the tax, have nevertheless been allowed to join the cartels, so they will be able to pocket the price increase.

The Fair Trade Commission has had to issue warnings to retailers who have been bullying their wholesale suppliers into allowing them to buy goods at pre-tax prices.

Some retailers have gone as far as to suggest that they would be happy to pay the extra 3 per cent tax as long as they can get a discount on the actual price of the goods.

For anyone who lived through decimalisation and the introduction of VAT in the UK, all of this manoeuvring will have a familiar ring. At least it shows that, when it comes to real market behaviour, the Japanese are remarkably like everyone else.

Tokyo apologises in bid to mend ties with N Korea

By Ian Rodger in Tokyo

THE Japanese Government yesterday took another big step towards rapprochement with North Korea. Mr Noboru Takeshita, the Prime Minister, expressed Japan's "deep remorse and regret" for its colonisation of the Korean peninsula in the 36 years to 1945, and urged that a direct dialcgne with Pyongyang be established as soon as possible and without preconditions.

The move was the latest in a series of overtures to the North in recent months by Tokyo, apparently to keep in line with the progrees in contacts between North and South Korea. "Things are happening between the North and the South. We are reacting to a gradual process," a Foreign Ministry official said, and Mr Takeshita spoke of "a new era" emerging in the Korean peninsula.

The North Koreans have frequently complained that Japan has never expressed regret for its 36 years of colonial rule although Japanese officials have, in fact, expressed regret on several occasione and a position paper clarifying the point was published earlier this year. They now hope that a statement coming from the highest level will make things absolutely clear.

Mr Takeshita said the Government and people of Japan were "profoundly aware that Japan's past actions had inflicted great suffering on the peoples of nearby lands. Based on our regret for what happened and our determination that it shall never happen again, we have been following a path of a nation oriented towards peace."

He said the sense of regret should be borne in mind particularly in Japan's relations with the Korean peninsula, with which the country had close relations historically and geographically.

The statement was conveyed to North Korean leaders by a delegation of the Japan Socialist Party that left Tokyo for Pyongyang yesterday. The JSP, Japan's largest opposition party, has maintained close relatione with North Korea despite the absence of diplomatic relations between the two countries.

The rapprochement process began last September when Japan lifted some sanctions imposed in January, 1988 over the destruction by North Korean agents of a South Korean airliner. In January, the Japanese Government permitted for the first time a delegation from the North Korean Workers' Party to visit JSP leaders in Japan.

The South Korean Government yesterday said it was not opposed to Japan'a overture to North Korea which might strengthen peace and help liberalisation in the North, Maggie Ford writes from Seoul. Mr Lee Jong Bin, assistant Foreign Minister, said that Japan's approaches to North Korea should proceed in tandem with Seoul's relationships with China and the Soviet Union. He announced that formal agreements had been reached with the Soviet Union, Poland and Bulgaria to set up trade offices in Seoul.

Mr Lee's remarks also indicated that the South Korean Government has been placed in a legal and diplomatic quandary by the unauthorised visit to North Korea by the Rev Moon Ik Hwan, a Protestant minister and dissident. Mr Moon is expected to be arrested on his return and charged under the anti-communist national security law.

Police try to end Hyundai strike with dawn raid

By Maggie Ford in Seoul

NINE thousand riot police conducted a dawn raid on strikers at the shipyard owned by Hyundai Heavy Industries yesterday to end a stoppage which has lasted for three months.

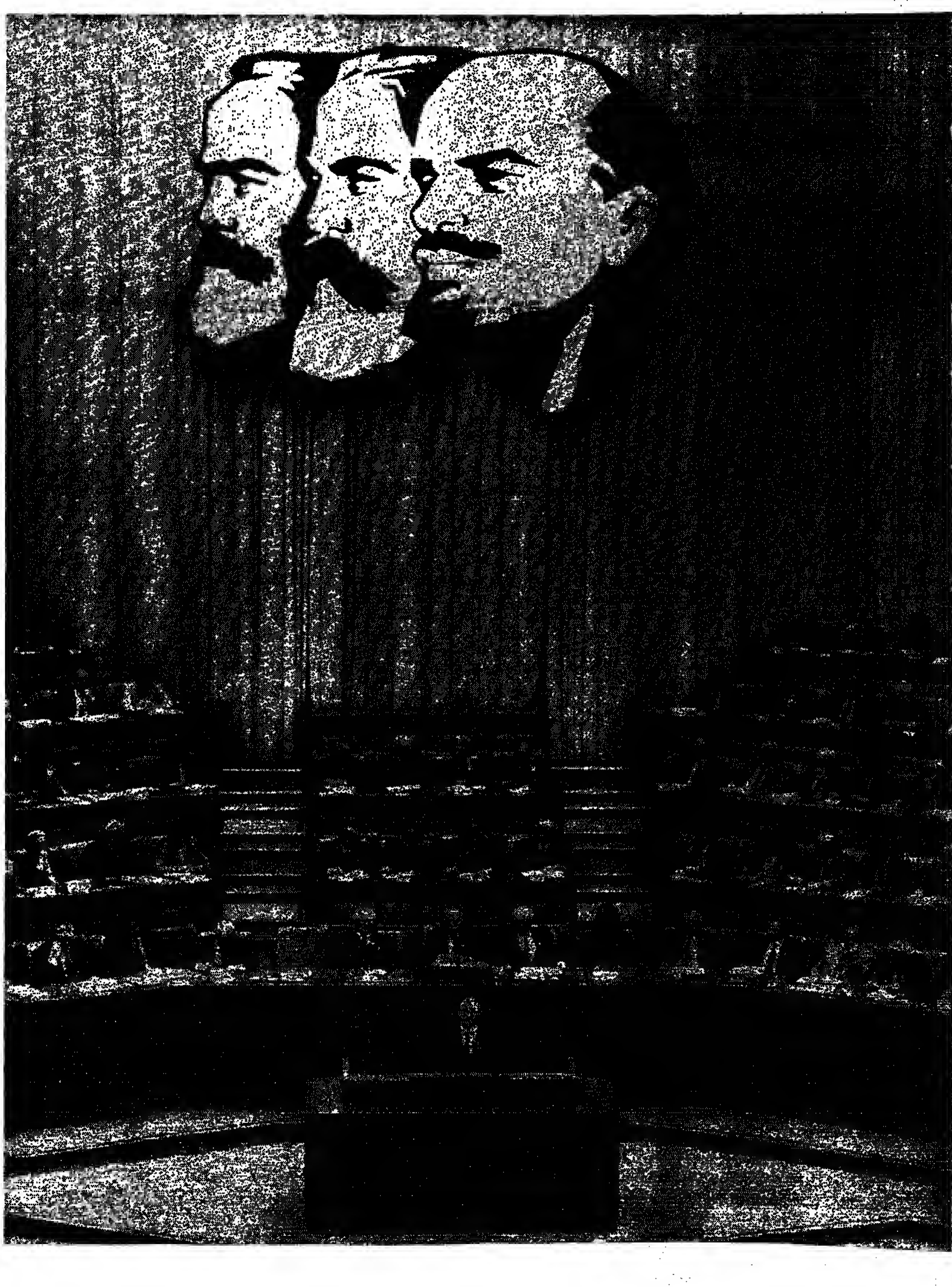
Striking workers had disappeared by the time the police mobilised their attack and there were no clashes. About 600 strikers were still being sought and hnt polics said most would be released after investigation.

The strike has been the most bitter this year, with both sides accusing the other of intimidation. A number of union leaders have been arrested and 20 were beaten badly by a group of thugs several months ago.

A government statement said that both management and workers had been victims in the strike and that in future they should sit down at the bargaining table so that police would not need to interfere. Both opposition parties criticised the mobilisation of police.

The yard has been working partially during the dispnte and a number of outside groups including politicians and local community groups in the town of Ulsan, where the yard is located, have tried to mediate.

Under South Korean law, only one union is allowed at each company. In some cases a "pro-company union" has been registered, leaving the "democratic union" without legal status. The strike has caused great public concern recently because of the delicate political situation with hardliners in the military have been criticising what they see as mounting chaos in the country.



Tunisia prepares for Islamic challenge

Francis Ghilès assesses the prospects for Sunday's general election

THE performance of Tunisia's largest radical Islamic party in this Sunday's general elections is the focus of attention in what has so far been a remarkably keen campaign.

This is despite the fact that the party – Mouvement de la Tendance Islamique, renamed Parti de la Renaissance – is not yet authorised and that most of its leaders, including Mr Rashid Ghannoushi, have yet to recover their civil rights. They lost these in the last months of the presidency of Mr Habib Bourguiba, who was deposed in November 1987 by Mr Zine El Abidine Ben Ali, at that time Prime Minister, when they were organising daily street battles with the police.

Presidential elections are also taking place on Sunday, but Mr Ben Ali is unopposed. Although he remains chairman of the Rassemblement Constitutionnel Democratique, the party which has held a monopoly of power since independence (until last July under the name of Socialist Destour Party), Tunisia's second head of state has presided over a minor revolution in the politics of North Africa's smallest country.

Political prisoners have been freed. Torture is no longer practised. Competence has increasingly become the yardstick for appointments to senior posts, and newspapers are free to publish a far broader spectrum of views than hitherto. The complex social and economic issues which confront Tunisia are openly debated.

A number of parties are presenting candidates on Sunday, although the winner-take-all system, in very large constituencies, gives the RCD an inbuilt advantage.

> Radical Islamic activists are attracting large and youthful crowds at meetings up and down the country. They denounce the powerful, the corrupt, and the rich — and attack the emancipation of women.

The main opposition party of the early 1980s, Mr Ahmed Mestiri's Mouvement des Democrates Socialistes, is not attracting much support. The MDS made its name by campaigning against the increasingly intolerant and corrupt methods of government under Mr Bourguiba, but many of its most active supporters, who were *former members of* the old Socialist Destour Party, do not understand why their leader spurned the opportunity of joint lists with the RCD, especially since the the RCD has made a determined effort to put up fresh candidates. Only 25 of the former 141 MPs are standing for re-election.

Radical Islamic activists present a far more serious challenge. At meetings up and down the country, their "independent" candidates are attracting large and youthful crowds.

They denounce the monopoly of power held by one party, the corruption of justice and the privileges of the new rich class which has sprung up in the past ten years, and they emphasise support for the Palestinian uprising. Their supporters are not afraid to back candidates who would like to end of one of Mr Bourguiba's contributions to the Arab world's most secular state – the emancipation of women.

In Sfax, Tunisia's second largest city, two leading "independent" candidates have published a pamphlet arguing that women are "objects made to satisfy the desires of their husbands." They do not believe men and women should mix in public, and at their meetings women wearing a *chador* sit apart from the men. They have not been shy of attacking the head of state for "heresy."

And yet, since he took over from Mr Bourguiba, Mr Ben Ali has reopened the old Koranic university of the Zitouna in Tunis, set up a new one in the holy city of Kairouan, encouraged the restoration of old mosques and made clear his respect for Islam.

Ben Ali: unopposed

The RCD, meanwhile, has tried to run an American-style campaign, complete with musical evenings and other festive events. Women figure prominently on many of its lists, and its meetings are attracting large crowds, most notably last Saturday in Kairouan, where Mr Hedi Baccouche, the Prime Minister, argued forcibly in favour of keeping religious issues out of the debate.

He was only repeating what the President has made abundantly clear in recent months, that he will not accept political parties whose platforms are predicated on race or religion.

Some opposition candidates in rural constituencies have not found it easy to argue their case. Less educated country folk – about 40 per cent of all Tunisians are illiterate, despite the massive investment in education since independence – cannot always conceive of a "loyal opposition", and some have beaten up non-RCD campaigners. But, unlike in any previous election, provincial governors are being scrupulous in honouring Mr Ben Ali's instructions, to be fair and to be seen to be fair.

The relaxed atmosphere of this campaign contrasts sharply to the mood in the 1981 elections, when opposition candidates were frequently harassed and the results "cooked", let alone in 1986, when opposition candidates withdrew in disgust at the methods of the ruling party before polling day.

It is impossible to guess whether the "independents" will gain any seats or what percentage of the vote they might poll. What is certain is that they will, in the months and years ahead, and as they already do in Algeria and Egypt, continue to present the Tunisian authorities with their greatest challenge.

South African activists leave British embassy

By Jim Jones in Johannesburg

SIX black South African activists who sought refuge in the British embassy in Pretoria on Wednesday left the building yesterday afternoon under considerable pressure from embassy staff.

The six, who until recently had been detained without trial, had entered the embassy in the hope of persuading the British Government to intervene with the South African Government to lift restriction orders placed on them on their release from jail.

The official British position was that the six were not helping their case by remaining in the embassy.

They were persuaded to leave by staff who declined to give them food or bedding and refused to allow them to use the embassy's lavatories and telephones.

As a result they were unable to contact their lawyers and had to beg food from journalists outside the embassy gates.

Britain's handling of the affair has been condemned by anti-apartheid and civil rights groups.

At a public meeting of the Hunger Strike Crisis Committee in Johannesburg yesterday, Dr Max Coleman of the Human Rights Commission said the British Government had thrown away an opportunity to show its rejection of political detention.

Mrs Audrey Coleman of the Detainee Aid Centre said: "By taking this hard-line attitude the British government is siding with the South African Government in upholding the system of apartheid and detention without trial."

Dr Coleman said that about 600 detainees were still being held without trial in South Africa and its black homelands and that about three quarters are on hunger strike.

● South Africa's Appeal Court in Bloemfontein yesterday overturned the convictions of three black men who had been sentenced to hang for a politically-related mob killing in 1985, Reuter reports from Johannesburg.

The country's highest court found the convictions and death sentences handed down by the Eastern Cape Supreme Court in September 1987 were based on unreliable evidence and on mistakes made by the court.

The three were among 10 people convicted of being part of a mob which set fire to a house in the eastern Cape province during countrywide political unrest in 1985. Three women were burned with petrol and later died.

The convictions were based on the doctrine of common purpose, under which people can be found guilty of murder for being part of a mob which carries out a killing, even if the individuals charged do not carry out the killing themselves.

The common purpose doctrine has been applied in several trials arising from the township violence in 1984 to 1986. The most prominent case was that of the "Sharpeville Six", who were reprieved from a death penalty last year by President P.W. Botha after pressure from foreign governments.

The three men who had each faced triple death sentences were Mr Mxolisi Mlaigas, Mr Michael Mamhukwe and Mr Lulamile Ant Maneli.

In a separate case, the South African Appeal Court upheld death sentences against Mr Stanford Letempe and Mr Rodney Moloi, two men found guilty of being involved by common purpose in the "necklace" murder of a black policeman in Tembisa township near Pretoria in 1986.

The "necklace" involves putting a petrol-soaked rubber tyre around the victim's neck and setting it alight.

Iran seeks improved links with Moscow

By Victor Mallet

DR ALI Akbar Velayati, the Iranian Foreign Minister, flew to Moscow yesterday to try to strengthen ties with the Soviet Union at a time when relations between Iran and the West have been particularly strained by the Rushdie affair.

Iran, meanwhile, ordered the expulsion of the Swiss consul in Tehran, apparently in retaliation for Switzerland's demand that the Iranian consul in Geneva should return home after being accused of spying on Iranian emigres.

Dr Velayati was carrying a message for President Mikhail Gorbachev from President Ali Khamenei, according to the Iranian news agency. "The Islamic Republic has always favoured an expansion of ties with the Soviet Union based on good-neighbourly relations," Dr Velayati said.

His trip follows visits to Tehran and Baghdad by Mr Eduard Shevardnadze, Soviet Foreign Minister, on his recent tour to promote Arab-Israeli peace talks and consolidate the Gulf war ceasefire.

After the angry Western response to Ayatollah Ruhollah Khomeini's call to Moslems to kill the novelist Mr Salman Rushdie, some Iranian officials have suggested that Iran will increase its trading links with communist nations at the expense of Western interests.

Ayatollah Khomeini, however, has consistently opposed both communism and capitalism, and Moscow is no more well-disposed towards Islamic fundamentalism than the West. Indeed, the large Moslem communities within the Soviet Union make it especially wary of Moslem extremists.

An earlier message from Ayatollah Khomeini to President Gorbachev exhorted the Soviet leader to abandon communist ways and turn to Islam.

Wheat shortage prompts growing anger in Egypt

By Barbara Slavin in Cairo

EGYPT is facing a severe and politically sensitive wheat shortage at a time when new credit for purchases abroad has dried up because of arrears on past loans.

Long, angry lines have been forming in front of bakeries amid reports that substantial quantities of wheat and flour are being siphoned off to the black market, where they bring a far higher price than the heavily subsidised round loaves of Arab bread.

In an attempt to stem the outflow, the Ministry of Supply has posted guards at government bakeries. The ministry is believed to have held back some supplies to be released next week at the start of Ramadan, the Islamic month of fast. But the reserves will be exhausted by the summer.

Western agricultural experts estimate that Egypt, which consumes about 8m tonnes of wheat a year, is short of about 1.5m tonnes needed to carry it through October when it will be eligible for a new fiscal year's supply of US food aid.

Contrary to reports in Egypt's imaginative opposition press, the country this year received its full complement of American wheat – $170m worth financed by long-term, low-interest credits (the PL480 programme) and an additional $200m worth of wheat on credit guaranteed by the US Government (so-called GSM102). But due to the higher price of wheat following last year's severe drought the aid bought less grain than expected.

In the meantime France and Canada have suspended new credits because of Egypt's failure to meet payments on old loans. Australia, Egypt's second largest wheat supplier after the US, is continuing sales but phasing out government-guaranteed credits by 1993.

Egyptians are hopeful of getting some additional wheat from Italy and the European Community but will still have to resort to the open market for some supplies, a painful prospect.

Shortages of foreign currency and food are intensifying pressure on Egypt to reach an accord with the International Monetary Fund. The Egyptians, whose President, Mr Hosni Mubarak, travels to Washington this weekend, are also trying to unlock $230m being withheld by the US Congress until Egypt undertakes "significant" economic reforms.

Given this background, expectations have been running high that Saudi Arabia, whose King Fahd is currently visiting Egypt, would extend loans for the import of staple foods. Two years ago the Saudis made Egypt a gift of Saudi wheat, but the Egyptians would prefer cash because the soft Saudi wheat is said to gum up milling equipment.

Swapo backs ceasefire

SWAPO, the Namibian nationalist guerrilla group, said yesterday it would respect a ceasefire in its bush war with South Africa, hammered out as part of a UN-supervised independence process to be launched on Saturday, Reuter reports from Windhoek.

Mr Daniel Tjongarero, Swapo's acting chairman, said the group was fully committed to the deal which will bring independence from South Africa some time next year.

The agreement, signed last December by South Africa, Cuba and Angola, provides for independence for the world's largest remaining colony in exchange for the withdrawal of 50,000 Cuban troops from neighbouring Angola.

It also provides for a ceasefire at 6 a.m. on Saturday in the war Swapo has waged against occupying South African military forces since 1966.

In another conciliatory move, Mr Tjongarero said the African National Congress (ANC), committed to overthrowing white rule in South Africa, would not be allowed to establish guerrilla bases in an independent Namibia ruled by a Swapo government.

This was an apparent contradiction to a statement made earlier this month by Mr Sam Nujoma, Swapo chairman.

Mr Tjongarero also played down calls by activists to boycott ceasefire celebrations.

AMERICAN NEWS

Milken faces unparalleled penalty

By Anatole Kaletsky in New York.

MUCH of the criminal indictment filed by the US government on Wednesday night against Mr Michael Milken essentially repeats e series of charges brought last September against the Wall Street firm which be built up and came to dominate, Drexel Burnham Lambert.

Most of the allegations involved in the Drexel prosecution, in turn, were just repetitions of cases already covered in the Ivan Boesky insider trading case nearly three years ago.

But while the government's failure to expose more novel scandals may have come as e disappointment to some of the more jaded sensation-seekers on Wall Street, the very consistency of its charges appears to be the bedrock on which its case is built.

For the essential theory of the indictment is disarmingly simple, despite its 110 pages of legalistic prose and the 98 separate crimes, some of them highly technical, which it details.

The general allegation made is that Mr Milken was actually the mastermind behind most, if not all, of the crimes and securities violations previously disclosed in the cases against Mr Boesky and Drexel Burnham. Indeed, the government states that many of Mr Boesky's illegal transactions were actually carried out under direct orders from Mr Milken on the understanding that Drexel would keep any profits and indeminfy the Boesky partnerships against possible loss.

Now, many of these crimes have already been proven, or at least admitted, not only by Mr Boesky, but also by Drexel as a corporate entity and by the key executives of the firm.

Thus, the main issue which Mr Benito Romano, the US Attorney in charge of the case, will have to prove to a New York jury will not be whether the crimes were actually committed hut simply that Mr Milken was indeed the key decision-maker in each case.

Criminal intent, rather than factual issues, will probably be the biggest stumbling block for the prosecution. To win his case Mr Romano will have to demonstrate not only that that Mr Milken violated the laws on insider trading, investment disclosure and stock parking, but that he did so knowingly and with a criminal intent.

As Mr Jeffrey Rosen, a former SEC attorney practising et Rosen & De Martino in Washington, observes, "negligence, or even sharp business practice does not always equal criminality. In an offence like nondisclosure, the defendant's state of mind is ebsolntely essential. If he can prove that he didn't think his actions were materially significant or even that he just forgot about some of the regulations, then he might still be civilly liable. But he would not be guilty of a crime."

In relation to past sentences meted out for crimes like stock parking and disclosure violations, the kind of penalties being requested in the Milken case - 20 years of imprisonment and financial penalties of $1.8bn - sppear disproportionete. Indeed, the 96 securities fraud and insider trading charges presented against Mr Milken and his two associates, each carry maximum sentences of only five years and fines of $250,000 plus restitution of any illegal profits.

But this is where the racketeering charges against Mr Milken come in. Under the racketeering statute, a pattern of criminal activity can turn into a much more serious matter than any of the individual crimes on their own. The penalties under RICO are virtually limitless. Not only would Mr Milken have to give up all of his accumulated income and gains from working at Drexel, he would be liable to civil suits for up to three times the profits he had made - in theory, as the indictment points out, the civil penalties could come to e further $3.7bn.

Proving criminal intent will be the biggest problem for the prosecution

But the use of RICO against securities criminals is still more a matter of legal theory than practice. As Mr Ira Sorkin, a former US prosecutor points out, "the financial penalties in the indictment are certainly not realistic figures, any more than the 500 years in gaol you could arrive at by adding up the maximum penalties for each fo the 98 counts." Only one RICO case has so far been brought to court, the prosecution of Princeton/Newport Partners and legal experts are divided abont the governemtn's chances of success.

How then could prosecutors hope to demonstrate Mr Milken's criminal intentions? The surest way would be with written documents or taped telephone conversations, hnt lawyers point out that the three-year long investigation might have ended much sooner if any such "smoking guns" had been found.

The second best way will be with evidence from former associates from Drexel, many of whom have now agreed to testify in exchange for immuulty from prosecution. The least reliable way of implciating Mr Milken will be with evidence from Mr Boesky, Mr Jefferies and other acknowledged criminals. After all, trying to pin the blame on somebody else as "Mr Big" is the oldest trick in the book for the criminal fraternity. And it is one that jurors are known to resent and suspect.

That leavse one other approach that may be attempted by the prosecution - to emphasise the profits made by Drexel and Mr Milken from their allegedly illegal trades. Unfortunately for the government, this avenue does not seem very promising for the simple reason that none of the offending transactions were particularly prefitable, certainly in relation to the sums of money Mr Milken made in the rest of his work. Indeed, the biggest illegal deal that Mr Milken was said to have been involved in - a speculation in Harris Graphics stock he allegedly condncted through Mr Boesky - produced a profit of only $6.5m.

Would Mr Milken really have risked his immense wealth and reputation for such footling gains? The government's indictment suggests an intiguing and controversial answer to this qnestion,. IN case after case it suggests that Mr Milken was actually manipultating the markets not for direct personal gains hut in order to win corproate finance business for Drexel or initmidate potential adversaries in takeover battles.

If that could be demonstrated, then Mr Romano would have e case that would indeed shake the financial world to its foundations and ultimately implicate even more of the great figures of Wall Street's recently eclipsed golden age.

Milken: man who invented the junk bond

Paying the price for man who invented an entire market

By James Buchan in New York

SUCCESSFUL US investment bankers have always been highly paid. But never, in the history of Wall Street or any market for business capital, has anybody been paid the wages of Michael Milken.

In 1987, according to a grand jury indictment, Mr Milken was paid $550,054,000 in direct compensation by Drexel Burnham Lambert, the Wall Street investment firm. This is more than all but the first 50 or so US corporations earned that year. In the four years before that, Mr Milken allegedly took home to his modest ranch house in e Los Angeles suburb a further $599,623,000.

These astonishing sums are more than just pieces of Americana or symbols of bull-market excess. They are significant for two reasons. If the government has got it right, Mr Milken, who is 42, was much more important to Drexel Burnham than even Wall Street thought.

This raises new questions about the firm's chances of remaining a top-flight investment firm without him.

Key to case

Mr Milken's pay is also the key to the prosecutors' case. In effect, the US Attorney in Manhattan is saying that Drexel Burnham was simply a giant money-laundering operation, sucking in illegal profits from Mr Milken's alleged securities frauds and paying it out to him in harmless wages.

Nobody on Wall Street now doubts Mr Milken's significance. Son of a California accountant, Mr Milken invented an entire new capital market for US companies too small, new or ill-capitalised to raise long-term loan money from traditional investors.

Mr Milken, a brilliant and difficult man with enthusiastic supporters and detractors, popularised the so-called "junk bond", a security much riskier than traditional bonds but with much higher interest rates to compensate. This market is now worth an estimated $180bn.

In the early 1980s, Mr Milken went one step further. He raised junk-bond money for shell companies and corporate raiders to take over and break up giant and long-established corporations. It was during this period, particularly between 1984 and 1986, that Mr Milken made enemies all over corporate America.

The indictment also alleges that he manipulated, bullied and deceived companies in this period, earning Drexel Burnham fees and trading profits that were paid back to him and his associates in wages and company stock.

In a key passage, the indictment says: "Nearly all of the unlawful proceeds from these racketeering activities allegedly were paid first to (Drexel Burnham) and then were passed on to the individual defendants, among others, in the form of extraordinary levels of compensation and substantial stock ownership in (the firm)."

In the most startling allegations in the grand jury indictment, Mr Milkan is alleged between 1983 and 1986 to have skimmed away in compensation 28 to 44 per cent of the gross revenues of Drexel Burnham Lambert's junk bond department in Beverly Hills. And junk bonds *were* Drexel Burnham in those days: in 1983 and 1984, Mr Milken's team allegedly earned between 75 and 80 per cent of its profits.

Mr Milken and his brother even charged Drexel Burnham $11.2m for the rent of the Beverly Hills offices between 1984 and last year.

Drexel Burnham made its peace with the prosecutors late last year, promising to pay $650m in penalties and withhold Mr Milken's 1988 compensation. But the price could be higher.

Sliding share

With its premier financier on a leave of absence, the firm's share of the lucrative junk bond market, which was around 50 per cent of all public new issue in the middle of the 1980s, is sliding. In the first quarter of this year, according to Securities Data, Drexel Burnham underwrote only 13.6 per cent of new issues.

These figures do not include private issues, and are probably an aberration. But it is quite clear that firms such as *Goldman Sachs, Merrill Lynch*, First Boston and Morgan Stanley have taken advantage of the turbulence at Drexel Burnham and Mr Milken's absence to muscle in on the market he created.

Wall Street thinks Drexel Burnham Lambert will survive and comfortably, hut it will never prosper as it did under Mr Milken.

Use of draconian law stirs bitter debate

By Janet Bush in New York

THE US Government's use of the draconian Racketeering Influenced and Corrupt Organisations Act (RICO) against securities fraud has stirred up an old and bitter controversy about the law's threat to civil liberties.

The criminal RICO indictment late on Wednesday of Mr Michael Milken, his brother Lowell and Mr Bruce Newberg, a former trader at Drexel Burnham Lambert, highlights some of the major concerns, particularly over the forfeiture of assets before trial.

Mr Ira Glasser, executive director of the American Civil Liberties Union - which has consistently criticised the RICO law - believes that the widespread practice of seizing assets of an enterprise merely upon an accusation of a RICO violation is perhaps the worst abuse of the law as it undermines the most basic tenet that a person is innocent until proved guilty.

"RICO turns up anywhere a prosecutor wants and gives him so much leverage that, instead of trial by the fair means worked out over centuries, we now have trial by extortion," he said.

The demand by the Grand Jury that Mr Milken forfeit $1.7bn of his assets - which under RICO can be frozen before trial - is widely being interpreted as a government attempt to bludgeon him into a settlement. The threat of RICO persuaded Drexel Burnham itself to settle last year in a pre-bargaining arrangement, through which it would pay the Government $650m and plead guilty to six felonies.

The ACLU argued at the time that RICO was passed in 1970 as a method of attacking organised crime rackets hiding behind legitimate businesses that the law was written so loosely that practically any crime could be prosecuted. Nineteen years later, that threat has become fact.

Intense passions have been ignited by the government's use of the law to harry owners of adult book and video stores, an anti-pornography campaign begun in early 1988 by the Justice Department, then headed by the now-discredited Mr Edwin Meese.

The government recently got its first conviction against book sellers using RICO. A Virginia couple were ordered to hand over the entire contents of three book shops and video rental shops although the jury found that very few videotapes were sexually explicit.

"Customers could rent anything from Star Wars to Casablanca," the ACLU said.

It recently sent out a mail shot highlighting this issue. Its letter to the public stated: "The attack on your First Amendment Rights was begun by the Reagan/Bush/Meese Justice Department in the guise of an all-out "war on sex". To prosecute this war, the government's self-appointed morality squad began using – or misusing – a law called RICO."

Recently, an important civil rights victory was won when the Supreme Court examined a case involving Fort Wayne Books, a chain of adult book shops in Indiana which had been found guilty of selling obscene publications.

A local prosecutor then filed a civil RICO action against the chain, asking for and getting authorisation to seize its assets, even before the case went to court.

The Supreme Court last week struck down the section of Indiana state law which authorised the seizure of assets before trial, citing the First Amendment. However, its judgement was limited only to civil, rather than criminal, RICO cases, and only related to assets protected under the First Amendment.

There has at least been talk about using the law to close down crack houses, buildings taken over by drug dealers to process and deal in the drug. RICO could be used to prosecute the landlord - who may not be involved in the dealing but may be too terrified to turf the gangs out - and to seize his property.

Two years ago, when there was a series of bombings of abortion clinics by pro-life activists, there were a number of attempts to sue anti-abortion groups using RICO.

Under the RICO law, two criminal acts not only may constitute a pattern of racketeering but, if perpetrated by individuals from a political group, would characterise the group itself as a corrupt enterprise and threaten seizure of all its assets.

The Fort Wayne Supreme Court decision was important, Mr Glasser said, because it was the first time RICO was limited.

Another avenue is a bill being considered in the Senate Judiciary Committee which would require a civil RICO case to prove that the organisation itself was guilty of an offence under the act, not just the individuals belonging to it. It would also limit the current liability to triple damages which can be used to bludgeon someone into settling.

Mr Glasser believes there is a long way to go to amend the law but there are now enough targets of the act that it has become something of a popular issue.

"We now have an unlikely alliance of drug pushers, porn sellers, organised crime and securities dealers all fighting RICO," he said. "The problem has been that civil libertarians do not see the threat until people they like are victims."

Now the financial establishment is questioning RICO because its own are being threatened; and liberals, who cheered when the act was used against the Mafia or Wall Street, worried because book shops are being closed down.

Factory orders in US decline again

By Anthony Harris in Washington

NEW orders for US manufactures fell by 2.3 per cent, seasonally adjusted, between January and February, after falling a revised 1.2 per cent in January, the Commerce Department announced yesterday.

This is the first time for three years that orders have fallen in two successive months, and it reduces the rise over the last three months 1.2 per cent, below the recent rate of price inflation in manufactures.

At the same time it was announced that for the second successive year US companies are planning to increase investment in their foreign subsidiaries substantially faster than in their domestic base. They are planning a 12 per cent increase for 1989, compared with a 6.9 per cent increase in domestic spending: last year they raised their foreign investment by 24 per cent, against a 16 per cent planned increase at home.

The figures are likely to intensify concern about both growth and competitiveness. Earlier in the week the President's chief economic adviser, Dr Michael Boskin, conceded that growth might fall below Administration projections because of tight monetary policy, but claimed that the recovery in the dollar had not gone far enough to damage the competitive position of US manufacturers.

The fall in orders, while it confirms other recent evidence of a slowdown, mainly because of weak markets in housing, cars and computers, does not at this stage suggest a recession. Order books rose again, for the 27th successive month, and inventories remained tight, except in computer and telecommunication components, where there were acute shortages some months ago. Another sign of continued growth was a reported 14,000 fall in weekly new claims for unemployment benefit.

The biggest fall in new orders was an erratic 19.5 per cent fall in the booking of new aircraft orders: the industry is currently unable to meet demand. There were also sharp falls in computers (down 11.6 per cent), steel (12.3 per cent)and in construction materials and supplies.

Colombia bank *on cocaine* money charge

By Richard Donkin

A COLOMBIAN bank and its Panamanian branch have been charged in the US with involvement in a $1bn conspiracy to launder the proceeds of cocaine sales for Colombian drug barons.

Announcing the charges on Wednesday, Mr Dick Thornburgh, the US Attorney General said indictments by a federal grand jury in Atlanta accused the Banco de Occidente of Panama and the Banco de Occidente of Colombia of conspiring to transfer funds from the US to foreign accounts controlled by Colombia's Medellin cocaine cartel.

Officials at the Banco de Occidente's head office in Cali, western Colombia, said the bank was strenuously denying any involvement in laundering.

Mr Thornburgh said 127 people have been charged in what he described as "the largest money-laundering crackdown ever carried out by the federal government."

Authorities have seized a half-ton of cocaine and $45m in cash, jewelry and real estate, and have identified more assets for potential seizure, he said.

IMF agrees Venezuela credit

By Stephen Fidler, Euromarkets Correspondent

THE International Monetary Fund has cleared a $453m credit for Venezuela, expected to be the first part of around $4.5bn in IMF loans to the country in the next three years.

As customary with first credits – until recently Venezuela had a reserve position with the Fund – the country only needs to cooperate with the IMF in an effort to solve its balance of payments problems to be eligible. The $453m, maturing in three to five years, will be available immediately.

In each of the three years until end-1991, IMF loans totalling $1.5bn are expected for Venezuela. The remainder of the credits – with maturities of 4½ to 10 years – are expected to be made under a so-called extended fund facility, one of the largest ever for a country with debt problems. That facility, which could be agreed in June or July, would involve the signing of a letter of intent and the agreement of economic targets.

The request for credits predates the debt proposals made earlier this month by US Treasury Secretary, Mr Nicholas Brady, and it is not known how this will affect Venezuela's total financing package.

Court rules in favour of Occidental

By Joseph Mann in Caracas

VENEZUELA's Supreme Court has ruled in favour of Occidental Petroleum, of the US, regarding a large financial claim the oil company filed in May of 1977 against the Venezuelan government.

The two-month-old government of Presidant Carlos Andres Perez was eager to get rid of this legal albatross, which for years gave foreign investors a bad impression of Venezuela's judiciary system. The government is suffering from severe financial problems and wants to improve its international image.

Occidental filed a law suit 12 years ago in connection with oil exploration work it carried out for the Venezuelan government in Lake Maracaibo under a service contract signed in 1971. The company was to receive compensation for exploration costs, plus a share of future oil production if it discovered petroleum "n commercial quantities." Occidental asserted that it did find commercial volumes of crude oil and that the government refused to comply with the agreement.

The decision represents a major victory for Occidental, which tried unsuccessfully to obtain court action under three successive Venezuelan administrations. It is also unusnal since it is the first time in recent memory that Venezuela's High Court has ruled against the executive branch and in favour of a multi-national company.

It is not clear how much money Occidental will obtain from the ruling. In its 1977 claim, company sought to recover the bolivars 181m it had invested in an exploration programme. Twelve years ago, this sum was worth $42m at the prevailing foreign exchange rate. At today's free market exchange rate, however, the same number of bolivars would be worth only $5m.

FT LAW REPORTS

A digest of the Hilary Term cases

VESTA v BUTCHER
(FT, February 3)

A fish farm in Norway was insured with Vesta, a Norwegian insurance company, which reinsured the liability with the underwriters on a Lloyd's form J1. The original insurance specified a 24-hour watch was to be kept on the farm and there was breach of that warranty. However, the insurance was paid out because under Norwegian law the breach of the warranty had to be causative of the loss before a policy was rendered *null and void* and in the instant case, the damage had been caused by storm. The reinsurance policy contained a "follow settlements" clause and a claims control clause. In rejecting the underwriters' submission that they did not have to pay the liability under their reinsurance on the grounds that the breach of warranty rendered the policy null and void in English law, the House of Lords *stated that* in the absence of any express declaration to the contrary in the reinsurance policy, a warranty had to produce the same effect in each "back-to-back" policy.

CUSTOMS AND EXCISE COMMISSIONERS v FINE ART DEVELOPMENTS PLC
(FT, February 7)

Fine Art charged its wholesale customers less than the prices charged by them on sale by retail but it accounted for its output tax on the cards' retail value on direction by the Commissioners of Customs and Excise. After that decision had been successfully challenged, a new direction was issued to account for VAT on the basis of prices actually charged to its customers. In its next return, therefore, Fine Art deducted the excess of £1,399,022 and the Commissioners obtained *judgment* against it for that amount. Allowing Fine Art's appeal, the House of Lords stated that section 14 provided that a taxable person should pay tax by reference to "prescribed accounting periods", and that he was entitled at the end of each period "to credit for so much of his input tax as is allowable . . . and then to deduct that amount from any output tax that is due." It was impossible to construe and apply the statutory return form other than as providing for the correction of errors.

METALL UND ROHSTOFF AG v DONALDSON LUFKIN & JENRETTE INC AND ANOTHER
(FT, February 8)

Metall traded on the London Metal Exchange through brokers, AML, which was a subsidiary of the first defendant, a US corporation. One of Metall's traders *traded in fraud of Metall and officers* of AML connived at the fraud. Judgment was entered against AML for over £50m of which more than £43m was unpaid. AML was wound up and Metall sought to recover from the defendants out of the jurisdiction under RSC Ord 11 rule (1)(1)(f) on the ground that the claim was founded on a *tort* and the act was committed within the jurisdiction. Allowing an appeal in part by the defendants, the Court of Appeal held that with regard to the claim for procurement of breach of contract, while the alleged *acts* of inducement took place largely in New York, the *breaches* of contract took place in London where the damage was suffered. With regard to conspiracy, however, it was an insuperable obstacle to the conspiracy *claim, since Metall was unable to* contend that the sole or predominant purpose of the agreement and its performance was to cause it injury (see Lonrho v Shell [1982] AC 173).

KLEINWORT BENSON LTD v MALAYASIA MINING CORPORATION BERHAD
(FT, February 10)

In order for a subsidiary of the defendants, MMC, to trade on the London Metal Exchange, MMC *negotiated* a loan *facility* of *up* to £5m with Kleinwort Benson on the basis of a letter of comfort. Paragraph 3 of the letter stated that "it is our policy to ensure" that the *subsidiary's* business "is at all times in a position to meet its liabilities to you under the above arrangements." The facility was increased to a maximum of £10m under a second comfort letter on substantially the same terms. When the subsidiary went into *liquidation* and Kleinwort called upon MMC to pay, it was held that the parties intended the letter to have effect as a contractual term. In allowing MMC's appeal against that decision, the *Court of Appeal held that* paragraph 3 was a *statement* of present fact. It was clear that the comfort letter, to which the parties resorted after MMC had refused to assume joint and several liability or to give a guarantee, was known by both sides to place it under a moral responsibility to ensure payment but not under any legal liability so to do.

THE DOMINIQUE
(FT, February 14)

The owners of the Dominiqua had assigned all her earnings including freight to the Bank of Boston (formerly the Colonial Bank). The vessel was arrested in Colombo where the charterers obtained leave from the court to discharge the cargo, which was subsequently trans-shipped to another vessel for carriage to European ports. Those costs exceeded the amount of advance *freight claimed from the charterers* by the bank, and the charterers successfully disputed their liability before the Court of Appeal on the ground that they were entitled to set off their *repudiation* claim against the owners' freight claim. Allowing the bank's appeal and restoring the first instance decision in its favour, the House of Lords stated that it was a long-established rule of English law that a cargo-owner was not entitled to set up damage arising from the shipowner's breach of contract as a defence to a claim for freight. The continued existence of the rule was unanimously approved by the House in The Aries [1977] 1 WLR 185, and the indefeasibility of an accrued right to advance freight was left unaltered by the Law Reform (Frustrated Contracts) Act 1943.

IN RE TEXTRON
(FT, February 15)

Textron had entrusted the task of renewing its patents to a patent agent but the details of a patent were expunged from the agent's computer system. The renewal fee was not paid and the patent expired but Textron received a reminder notice from the Comptroller. The legal assistant, deputed to deal with patent renewals, did not follow the prescribed procedures and the patent lapsed. Textron's application under section 28 of the Patents Act 1977 to restore the patent within the prescribed period was refused, a decision upheld at first instance and by the Court of Appeal. Allowing Textron's appeal, the House of Lords stated that the fees had not been paid because of "circumstances beyond [the proprietor's] control," under the terms of s.28, in that Textron had been entitled to assume that the legal assistant would carry out instructions; it was not within a proprietor's control to ensure that an agent or servant invariably obeyed instructions.

REGINA v THE LICENSING AUTHORITY, EX PARTE SMITH KLINE AND FRENCH LABORATORIES LTD
(FT, February 17)

In the instant case, the question was whether English law prohibited the licensing authority from having recourse to the confidential information provided by Smith Kline on their initial application for a patent for the drug cimetedine, when considering applications by other drug firms for licences of right. Dismissing Smith Kline's appeal from a Court of Appeal decision that the licensing author ity could refer to such information, the House of Lords stated that it was for the licensing authority to compare the information received from the first and second applicants, and to take into account all other available information, confidential or not, in deciding whether an application should be declined or granted so to satisfy itself that both products were similar, safe, effective and reliable.

HOLMES v BANGLADESH BIMAN CORPORATION
(FT, February 18)

Mr Holmes was killed in an air crash as a passenger on an internal Bangladesh flight on an airliner operated by the appellants. In an action by his widow, the appellants contended that the relevant Bangladesh legislation was applicable so that the damages were limited to £913. Mrs Holmes said that the contract was carriage by air in respect of which Schedule 1 to the Carriage by Air Act (Application of Provisions) Order 1967 had effect. Allowing the airlines' appeal, the House of Lords stated that section 10(1) of the Carriage by Air Act 1961 conferred an enabling power to apply the provisions of the Hague Convention "to carriage by air to which the Convention applies . . . " Thus contracts of carriage by air in direct flights between two non-Convention countries was of no concern to the UK legislature. *A fortiori that applied* to *carriage in which* the departure, destination and stopping places were all within the territory of a single foreign state. A contract made and to be performed wholly within the territory of a foreign state would normally be subject to the laws of that state and to no other.

RE STATE OF NORWAY'S APPLICATION (NO 1 and NO 2)
(FT, February 22)

Under the Evidence (Proceedings in Other Jurisdictions) Act 1975, section 1(b), the High Court can make provision for obtaining evidence provided that the evidence is to be obtained for "the purpose of civil proceedings . . . " Under *section 9(1) "civil* proceedings . . . mean proceedings in any civil or commercial matter . . . " In a retrospective tax assessment on the estate of a deceased Norwegian ship owner, letters rogatory were addressed to the High Court to obtain oral evidence from the English advisers to two of the trusts involved. The Court of Appeal set the order aside and the State of Norway and the estate appealed. Allowing the appeal, the House of Lords stated that the words "civil or commercial matters" in the 1975 Act could not be construed with reference to any internationally acceptable meaning but by reference to the systems *of* law in the requesting court and the country addressed. The evidence showed that under Norwegian *law* the proceedings would be classified as "civil". Moreover, the request could not amount to enforcement – direct or indirect – of foreign revenue law.

RE JOKAI TEA HOLDINGS
(FT, February 24)

In an issue in which the bank *was an alleged secured creditor* and chargee of certain shares, it served a request on the defendants for further and better particulars. An "Unless Order" was then made for the particulars to be served within 56 days but the solicitors miscalculated the date and one day before the Order's expiry sought to extend time and amend the defence. Judgment was given for the bank. Allowing the defendants' appeal on conditions, the Court of Appeal stated that while court orders had to be obeyed and a litigant who deliberately disobeyed such an order should not be allowed to proceed, the defendants had given an explanation for their failure to serve the requisite particulars.

Water industry allocates billions to purity scheme

By William Dawkins in Brussels

THE BRITISH water industry is planning to spend "many billions" of pounds to comply with European Community (EC) water purity standards, UK Government *officials said* yesterday.

Some EC officials have suggested the cost of complying with the Community's 1982 directive on drinking water purity as £9bn. But a spokeswoman for the Department of the Environment in London yesterday said the estimate was a "gross exaggeration".

She confirmed, however, that £1bn would be spent separately to bring British beaches up to EC standards by 1995, a doubling of the present rate of investment.

The rough scale of the spending needed to modernise and update purification plants emerged yesterday after the Department of the Environment's (DoE) first informal appraisal of the water authorities' investment plans, most of which were submitted just before Easter.

The cost of the plans is likely to increase the controversy in Britain over the price increases expected after the privatisation of the water authorities. The Department aims to complete its full assessment of the authorities' plans by the summer, and of the implications for the new private water companies.

The Government has already warned that consumers will have to meet the bill for drinking water purification, although it has declined to *forecast exact price rises*. It estimates that complying with the EC rules would add between 7.5 per cent and 12.5 per cent to prices in real terms.

Yesterday's development follows a recent attempt by Mr Nicholas Ridley, the Environment Secretary, to persuade the European Commission to allow UK water companies a temporary exemption from having to comply in full with with EC water standards.

"Confidential discussions are continuing. We think there could be an agreement," said an EC official. The DoE has also kept the Commission in close touch with the industry's investment plans as they evolve.

According to EC officials, the water authorities' plans envisage taking water purity standards well beyond those in the drinking water scheme, because it is thought cost-effective to do so.

Officials say it is not yet possible to set an exact price on the process because the plans are still being submitted. Neither is it known how much is genuinely new spending and what represents routine investment that would have taken place irrespective of EC rules.

Ferranti to lose 700 jobs in reshuffle

By Terry Dodsworth, Industrial Editor

THE UK electronics industry suffered *its second big blow* within a week late on Wednesday night when Ferranti, the defence electronics group, announced 700 redundancies at its Wythenshawe plant.

The reorganisation of the company's computer systems group follows the decision by ICL, Britain's leading computer manufacturer, to close its plant in Hertfordshire, with the loss of 500 jobs.

Ferranti will be cutting a total of 900 jobs at Wythenshawe, but the net loss of jobs will be reduced by plans to create 200 posts at its Oldham plant in Lancashire.

Mr Larry Brooke, national officer of the MSF general technical union, described the announcement as a "bombshell" and disturbing evidence of a shake-out in the UK industry before the 1992 harmonisation of Europe's markets.

"This is yet another nail in the coffin of the British electronics industry at a time when our major companies ought to be playing their part in building a successful European sector."

Ferranti's announcement will add to fears of more redundancies *elsewhere*, particularly if the proposed takeover of Plessey by GEC and Siemens, of West Germany, is successful. Analysts believe the integration of the two British companies could lead to rationalisation in telecommunications and defence businesses.

Ferranti's reorganisation is aimed to at concentrating its civilian computing division at the Oldham plant where emphasis will be put on five main areas – industrial systems, air transport information systems, health care, communications systems and energy management.

The company told workers that it intended to emphasise a number of core businesses. It is known mainly for military electronics and computer operations and has been progressively running down its civilian computer business

Mid-week special reports 'the good news'

Raymond Snoddy reveals the secretive planning behind The Observer's Fayed scoop

THE STORY of one of The Observer's most sought after scoops began on Good Friday when Mr Rowland "Tiny" Rowland, chief executive of Lonrho unexpectedly summoned Mr Donald Trelford, editor of his Sunday newspaper, to his *Buckinghamshire home.*

The only thing that Tiny said was that he had good news.

The "good news" was something that the Observer City staff had been trying to get their hands on for months – a copy of the report of the inspectors appointed by the Department of Trade and Industry to inquire into the acquisition of the House of Fraser by the Fayeds.

The report had come to Lonrho, the international conglomerate, as Sir Edward du Cann, the Lonrho chairman explained in a letter to Lord Young, the DTI secretary, "unsolicited and anonymously."

The fact the copy came direct to Lonrho and not to The Observer had considerable influence on what subsequently happened.

If the Observer editor had been able to get access to the report, it is believed, he would have published last Sunday.

Mr Rowland, looking for some further ammunition against the Fayeds insisted, however, that Lonrho shareholders should be told of the *findings of the DTI inquiry* first and proposed that this should happen at yesterday's annual general meeting.

The decision of the Observer owner posed serious problems. There was the great danger that as soon as Sir Edward raised the issue of the report from the Lonrho platform an injunction would be served on The Observer to prevent publication this Sunday.

After further discussions on Tuesday Donald Trelford hit on the idea of a mid-week special to be distributed throughout the country and at the Lonrho meeting.

As the 16-page special announced rather portentously yesterday: "It is not unknown for The Observer, in the course of its 200-year history, to publish a mid-week edition.

Late on Tuesday, in considerable secrecy, two secretaries started entering the body of the report into the Observer's computer system.

On Wednesday Mr Trelford, who should have been on holiday this week, and four other Observer journalists, City editor Melvyn Marcus, Mr Jeremy Hunt, managing editor, Mr Stephen Pritchard, production editor and lay-out specialist Dave Randall put the special together.

It was "off-stone" – ready for printing – by 11pm and during the night more than 200,000 copies were printed in Portsmouth, Sunderland and Glasgow and fed into the normal newspaper distribution system.

The special issue was still *being sold for 25p* by *news* vendors yesterday afternoon after the Department of Trade and Industry obtained an injunction to bar its publication.

KEY DATES IN THE HOUSE OF FRASER SAGA

1977: *Lonrho buys 24.5 per cent of Scottish & Universal Investments (SUITS) from the Fraser* family, giving Lonrho an initial stake in House of Fraser which had risen to 19.5 per cent by the year's end. "Tiny" Rowland and Lord Duncan Sandys, Lonrho's chairman, joined the HoF board.

1979: Lonrho completes the acquisition of SUITS, taking its holding in House of Fraser to 29.9 per cent.

1980: Professor Roland Smith and Ernest Sharpe join HoF board, *Smith replacing Rowland* as deputy-chairman. An executive committee is formed, excluding Rowland and Duncan Sandys.

1981: Sir Hugh Fraser replaced as chairman of HoF by Smith. Lonrho makes a £220m bid but this is referred to the Monopolies and Mergers Commission. The MMC rules that the bid is against the public interest; Lonrho undertakes not to increase *its holding.*

1982-83: Lonrho says it does not wish to pursue its bid for the time being, but launches a campaign to demerge Harrods from House of Fraser. The proposal was finally defeated at an EGM in June 1983. Meanwhile, the Government starts an investigation into various HoF *shareholdings.*

1984: In May, the Department of Trade and Industry refers the HoF issue to the MMC; on October 30, the DTI extended the MMC investigation by three months. On November 2, Lonrho sold its 29.9 per stake to the Fayed brothers for £138m.

1985: (March 4) The Fayeds launch a £615m bid for HoF. Ten days later, Mr Norman Tebbit, then Trade Secretary, ruled out any referral of the Fayed bid to the *MMC and at the same time* released Lonrho from its undertaking not to bid. Lonrho alleged that the bid was not wholly funded from the Fayeds' personal resources.

1987: (April 9) Lonrho campaign against the Fayeds is rewarded. Mr Paul Channon, Trade *Secretary, appoints two inspectors to investigate the House of Fraser* takeover under Section 432 of the 1985 Companies Act.

1988: (July 23) The inspectors deliver their report to Lord Young, Mr Channon's successor.

(July 29) the report is passed on to the Serious Fraud Office. In September, Young says that the SFO needs more time to investigate and as a result the report cannot be published.

Lonrho initiates proceedings for judicial review of Lord Young's decision not to publish.

(November 25) Lord Young says that the report will not be referred to the MMC.

1989: (January 17) the High Court orders Young to refer the report to the MMC and to reconsider his decision not to publish.

This was overturned by the Court of Appeal on January 20; Lonrho says it will appeal to the House of Lords.

Observer journalists were taken by surprise and were at first alarmed that the paper's integrity was being compromised in the wars between Lonrho and the Fayeds.

Mr Anthony Howard, until recently deputy editor of The Observer said yesterday: "It is a great coup and I am delighted that the Observer has been vindicated. But there are ways and means of doing things and the coincidence between the publication of the special report and the Lonrho AGM is not something I feel *entirely happy about.*"

Yesterday, however, Mr Trelford addressed his journalists and appeared to convince most of them what he did was the right thing to do in the circumstances.

By coincidence next week The Observer launches a new £2m *advertising* campaign to try to half its declining circulation. The slogan will be: "A different set of values. A different kind of paper."

Science units to merge or close in 20 universities

By *David Thomas, Education Correspondent*

UNIVERSITY authorities are pressing ahead with plans to close or merge physics and chemistry departments in up to 20 universities.

The University Grants Committee, which distributes Government funds to higher education, yesterday endorsed reports published in November which said the minimum effective size for university physics and chemistry departments is 20 full-time academic staff and 200 students. The UGC is set for abolition.

The UGC yesterday divided physics and chemistry departments which do not meet this criterion into two categories: those which would survive by having students transferred to them from other departments and those which could not survive in their present form.

Texaco first to raise petrol price

By Maurice Samuelson

TEXACO last night became the first oil company to increase petrol prices in Britain with a rise of 6.8 pence a gallon (4.56 litres) on high octane and unleaded fuel.

The jump to 187.8p a gallon, described by the company as "inevitable", took effect at midnight. It was its steepest single increase for more than four years.

With other big oil companies also complaining about inadequate returns on their capital investment, prospects are growing that prices could approach £2 a gallon by midsummer.

Texaco, the fourth-biggest distributor in the UK with 1,400 outlets, blamed the rise *on the cost of crude oil.*

By moving first, Texaco's price has leapfrogged Shell, which on Tuesday said it needed a 10 pence rise on its 181p a gallon in order to bolster its downstream business. Shell owns or controls more than 2,600 retail outlets and, with Esso, is the joint UK market leader.

BP, the third biggest supplier, with more than 2,100 outlets, also says increases are inevitable, but, like Shell, was last night was still awaiting *the right moment.*

Texaco sought to justify the increase by saying that yesterday's Rotterdam spot petroleum price was more than 24 per cent higher than at the beginning of the month

It also said that despite the latest rise, prices were still *lower* than in 1985.

Bar cleared to take work without using solicitors

THE BRITISH Bar's 5,900 barristers will be able to accept work from some professional bodies without using a solicitor as a go-between from next week, *the Bar Council said yesterday.*

Until now barristers – the group of UK lawyers with sole rights of audience in Britain's higher courts – have been allowed to accept professional work only from a solicitor, with some exceptions.

The move is *unconnected* with the Government's green papers on legal reforms, but follows a decision by the Bar Council last November after two years of investigations.

Since then, a special committee has been working on guidelines under which the direct access scheme will operate.

Professional bodies will have the choice of going direct to barristers for advice, drafting of documents and where acting as an advocate before a tribunal, *inquiry or an arbitration.*

UK NEWS

CEGB abandons plans for £1.3bn power station

By Maurice Samuelson

THE CENTRAL Electricity Generating Board has formally abandoned plans for a £1.3bn coal-fired coastal power station at Fawley, near Southampton, because of uncertainty about its prospects after the electricity industry is privatised.

The decision, which will deeply disappoint UK power plant manufacturers and coal suppliers, means that no more large-scale coal burners are likely to be opened in Britain this century.

Instead, new demand is expected to be met by smaller-scale gas or coal stations, a greater use of oil and by the new nuclear power plants demanded by the present Government to ensure diversity of supply.

The Fawley station would have been owned and operated by National Power, the bigger of the two private generating companies to be created after the industry's sale.

Its two 900 MegaWatt units were to have been the biggest built in Britain. Europe's largest coal-burning station, at Drax, North Yorkshire, consists of six 660 MW sets.

The CEGB has cancelled it after failing to secure a long enough contract for its output from the 12 area electricity boards of England and Wales which purchase bulk electricity for sale to the public.

There are also plans for two similar power stations – at West Burton, assigned to National Power, and at Kingsnorth, Kent, a site allotted to PowerGen, which will become its rival after privatisation.

Unlike Fawley, which faced strong criticism by Hampshire County Council and New Forest District Council, the new West Burton station has been regarded as a political reward for the Nottinghamshire coal industry's defiance of the 1984-85 coalminers' strike.

If National Power failed to win a contract for West Burton from all 12 electricity distribution boards, talks may open with a consortium of three local boards – Midlands, East Midlands and Yorkshire. However, it is felt in the industry that the prospects of a deal there or at Kingsnorth are not markedly stronger than at Fawley.

The Fawley scheme was also bedevilled by strong local environmentalist objections. But both the CEGB and the area boards agree that from the strategic point of view it is a good site and that in the long run a new power station will be established there.

However, with so many alternative proposals for meeting their short-term capacity needs, electricity officials believe it will be at least another decade before a large-scale new plant will be needed.

Nick Garnett writes: The Fawley decision will deepen apprehension already felt by Britain's power industry suppliers. The cancellation of all three stations, however, would be a serious blow to the industry.

Northern Engineering Industries had won the design contracts for the boilers for all three stations and GEC the design contracts for the turbines. Cancellation of all three stations would be more serious for NEI than for GEC.

NEI has no significant boiler orders. It is also about to finish work on its existing contracts. These are the conversion of the boilers for Kilroot, Northern Ireland from oil- to coal-firing, and finishing work on a boiler for Brazil.

Mr Terry Harrison, NEI's chairman said earlier this month that he expected two of the three large British stations to go ahead. NEI is due to complete design contract work for these stations this year.

Abandonment of the programme would also hit GEC. GEC's turbine manufacturing facility though is reasonably well stocked with work.

Edinburgh meeting calls for political devolution

Scotland claims right to home rule in campaign for assembly

By James Buxton, Scottish Correspondent

THE CAMPAIGN to create an independent Scottish assembly moved into a higher gear yesterday with the first meeting in Edinburgh of the Scottish constitutional convention, a 212-seat body on which Scottish politicians, local authorities, trade unions, churches and other organisations are represented.

At a dignified and confident meeting in the austere assembly hall of the Church of Scotland, the convention endorsed a "claim of right for Scotland" which acknowledged "the sovereign rights of the Scottish people to determine the form of government best suited to their needs."

The meeting of the convention – a forum which has precedents dating back to the 14th century – is the culmination of a 10-year struggle by the Campaign for a Scottish Assembly, a pressure group born after the failure of the 1979 referendum to secure a Scottish assembly. The gathering is to meet in several different Scottish towns over the coming year, while an executive committee draws up a scheme for an assembly for which it hopes to drum up popular support, before presenting it to the Government, based at Westminster, London.

There were noticeable gaps among the otherwise crowded benches in the assembly hall yesterday as neither the Conservative Party nor the Scottish National Party is participating in the convention. The Conservatives, who oppose the idea of a Scottish assembly, have ignored the convention from the start.

The SNP pulled out after a preliminary meeting, claiming that it was a Labour-dominated body not prepared to give full consideration to independence for Scotland.

The Scottish Council Development and Industry which represents industry, sent an observer. Consuls representing foreign countries looked on.

Canon Kenyon Wright, launching the convention, said the claim of right was directed against "the despotic abuse of power by an arbitrary government" and the "systematic violation" of the 1707 Treaty of Union. He raised the question of what would happen if Mrs Margaret Thatcher, Prime Minister, rejected the plan for a Scottish assembly. "If we produce a detailed scheme which has the backing of Scotland's people what happens if that other voice we all know so well responds by saying: We say no and we are the state. Well, we say yes, and we are the people."

Mr David Steel, the former Liberal leader who was elected joint chairman of the convention, along with Mr Harry Ewing, the Labour MP, said: "The say of Scotland in its own government has diminished, is diminishing and ought to be increased."

Mr Donald Dewar, Labour's shadow Scottish secretary, said: "Acid memories of the past decade have concentrated the public mind on the need for change." He said that the convention was "a high risk strategy and there will be many who are hoping desperately that it fails."

He warned there were "major differences of policy and sometimes principle which cannot simply be washed away." The Labour Party, he said, wanted a directly elected assembly responsible for matters affecting Scotland.

Mr Malcolm Bruce, the leader of the Social and Liberal Democrats in Scotland, said that the status quo in Scotland was "intolerable and unacceptable. We want nothing less than the restoration of Scotland's own parliament."

BP places £400m N. Sea orders

By Maurice Samuelson

CONTRACTS and equipment purchases for a new North Sea oil platform worth more than £400m were announced yesterday by British Petroleum.

The contracts, worth £200m, are for BP's Miller oil and gas field, Britain's largest current offshore development project, to cost a total of £1.3bn.

They will ensure thousands of jobs in fabrication yards in Scotland, the North East and East Anglia.

Some of the work will begin immediately and the production platform should be towed to its site 270 miles north-east of Aberdeen in the summer of 1991. Oil production should start early in 1992.

More than 7,000 people will be involved in the project, some 5,000 as employees of the contractors.

BP said yesterday's contracts were among the biggest it had awarded to offshore suppliers for several years.

Winners of the £200m clutch of contracts included: Press Offshore, of Wallsend, Tyne and Wear; Redpath Offshore, of Middlesbrough, Cleveland; Highland Fabricators of Nigg, on Cromarty Firth, to build a module and a steel jacket; and SLP, of Lowestoft, Suffolk, in a joint venture with Oilfab Group.

The field contains 300m barrels of recoverable reserves of oil and 570bn cubic feet of gas. Most of the gas will be piped ashore to be used at Scotland's Peterhead power station.

BP has a 40 per cent stake in the field and 50 per cent of the gas transportation system. The other shareholders in the field are Conoco, Saxon Oil, a subsidiary of Enterprise Oil, and the Kuwaiti-owned Santa Fe oil company.

Power prices in Scotland to rise by 8% from April

By James Buxton, Scottish Correspondent

SCOTLAND's two electricity boards are raising their tariffs by 8 per cent from April 1. The rise, the first for 12 months, is higher than the 5.8 per cent average price rise for wholesale electricity announced last week by the Central Electricity Generating Board for England and Wales.

Both the South of Scotland Electricity Board and the North of Scotland Hydro-Electric Board put part of the blame for the rises on the need to buy deep-mined coal from British Coal instead of cheaper open-cast or imported coal.

British Coal and the SSEB have been in dispute over coal supplies for more than a year but reached a partial agreement last week after government intervention.

The SSEB said the rise was in line with the current rate of inflation. The North of Scotland Hydro-Electric Board also referred to the need to meet the Government's financial targets. The Government recently set a target of a rate of return on assets of 2.7 per cent for both boards for 1989-90 – compared with a figure of 2.8 per cent for 1988-89.

Both boards are due to be privatised next year.

In Brief

BREL wins train order worth £12m in Thailand

By Peter Montagnon, World Trade Editor

BRITISH Rail Engineering Ltd., (BREL) has won the first export order for its Sprinter Express diesel trains. It is to sell 12 driving units and eight trailing vehicles to Thailand's state railway for £12m.

The deal has been won with aid backing worth £4m from the Government's Aid and Trade Provision, but is regarded as further evidence of a breakthrough for the UK in a market which is heavily dominated by Japanese suppliers.

It follows a £37m railway signalling order won in January by GEC-General Signal financed by Japanese aid.

Rise in immigrants

A SHARP increase in the number of immigrants allowed to settle in the UK in the final quarter of 1988 – 12,700 compared with 10,400 for the corresponding period in 1987 – was reported by the Home Office yesterday.

The total number of immigrants allowed to take up permanent residence in 1988 was 49,200.

Air travel warning

MILLIONS of UK air travellers could be denied flights if additional terminal and runway facilities are not developed.

The Air Transport Users' Committee, the UK air travellers' watchdog on travel problems, said by the year 2000, millions of passengers could be diverted from London's airports.

Symphony sponsor

BRITAIN'S oldest professional symphony orchestra, the Halle, is being sponsored to the tune of up to £500,000, it was announced today.

The man behind the deal, Japanese businessman Kazuaki Tazaki, chairman and managing director of Brother International Europe.

Political award

MR John Biffen, the former leader of the House of Commons, is to be one of the judges of the *T. E. Utley Memorial* Award for the most promising young political writer in the English language.

The award, named after the distinguished political journalist who died last year aged 67, is aimed at writers under the age of 35 who can show originality of political thought.

NHS waiting list

ABOUT a third of NHS hospital patients in London have to wait longer than a year for treatment according to Ms Harriet Harman, the Labour Party's spokesman on health.

MANAGEMENT

Inner-city transport

The conflict between customer and cost

Kevin Brown talks to the man who has taken on board the problems of running London Buses

John Telford Beasley: "The critical factor is picking up people at bus stops"

John Telford Beasley, chairman of London Buses and chief executive of London Regional Transport, keeps a fading sheet of A4 paper on the wall of his office. It is a record of the week he spent driving the number 65 bus from Chessington to Ealing.

Beasley says getting a public service vehicle driving licence was one of his top priorities when he took over London Buses in 1984. "What you have to do when you go into an industry is to identify the critical factor. In this business that is picking people up at bus stops. I thought I needed to find out what the job was like on the streets," he says.

The experience left him with mixed feelings about London's famous red Routemaster buses – the ones with the open platform at the back – partly because of the lack of contact between the driver and the public, and partly because of the inherent dangers: every so often someone falls off.

But he says it also gave him a valuable insight into the practical problems faced by drivers, and the vital importance of the bus network to many Londoners.

Beasley talks a lot about the public service ethic, as you would expect of the chairman of an organisation which has been in municipal or state ownership for several decades. But he talks a lot more about the importance of marketing and cost efficiency, and most of all about keeping the customers satisfied. (He concedes that this kind of remark is likely to provoke a hollow laugh from anyone who has ever waited half an hour for a No 11 bus only to find that three turn up together.)

Beasley's emphasis on cost cutting and the importance of the market sits slightly uneasily with the public service philosophy, and is clearly part of the preparation of London Buses for eventual transfer to the private sector. But he insists that the two approaches are not incompatible, and that they can be welded together to create an organisation which is both profitable and dedicated to public service.

Beasley was brought into London Buses by Lynda Chalker, the former Transport Minister, from Warner Lambert, the US pharmaceuticals group. At both Warner Lambert and during an earlier stint at Cadbury Schweppes, the confectionery and drinks group, he was responsible for rationalising a number of subsidiaries and conducting difficult negotiations with trade unions.

His appointment was opposed by some London Transport executives, who would have preferred a professional bus man, even from another city, to an outsider. But Beasley says he was brought in as "an agent of change" by a government which was about to launch a major shake-up in London's bus services.

"I think it was significant that someone came in who was used to major reorganisations and to handling unions," he says. "There was some question of why they had brought in someone who was not a bus person. But there were plenty of people in the industry who would have fitted the profile if you wanted a transport person. My profile only fits if you wanted a change, and increased customer awareness."

Beasley arrived at London Transport, as it was then called, just after it was removed from the control of Ken Livingstone's left-wing Greater London Council and re-established as London Regional Transport, a state-owned corporation.

That upheaval was followed by an internal reorganisation in 1985, when LRT split its Underground and bus operations into two stand-alone operating companies, reserving a strategic planning role for itself.

But the biggest shake-up came later that year in the 1985 Transport Act, which provided for the privatisation of the state-owned National Bus Company and deregulated the bus industry in most of the country. The Act provided for full deregulation to be delayed in London until the early 1990s, but required LRT to put much of its network out to tender.

"This came as a big cultural shock to London Buses," Beasley says. "The thought of exposing London's red buses to competitors was very strongly opposed by the unions, and by some levels of management, which took the view that it would never happen, and then that we would easily see off the 'cowboys'."

In fact, six of the first 12 routes put out to tender by LRT were awarded to private sector competitors. "Actually, I was relieved that we had kept 50 per cent, especially as we were up against some very good competition, mostly from privatised subsidiaries of the National Bus Company. But if we projected that rate of success forward it looked very bad," Beasley says.

"It wasn't so much the arrival of the cowboys as the arrival of the Mounties to rescue the consumer. Our competitors showed they were capable of running bus routes in London, and that was a very real shock to the whole organisation. We had to get our act together very quickly. It was that or be wiped out."

Beasley says his strategy for fighting back against the private sector was to improve the viability of London Buses by getting costs down, and to reverse a long-term decline in passenger numbers by switching the focus of the company from staff to customers. In effect, this was an attempt to transform London Buses from a producer driven organisation to one led by customer demand.

"When I came here I found the logistic strengths you would expect after 50 years of monopoly services," he says. "We schedule 5,000 buses on 320 routes and carry 3½m people a day. That is a great achievement, especially with our excellent safety record. But there was insufficient attention to thinking about the passengers out there, and there were cost inefficiencies caused by the cosy relationship between management and unions – neither of whom was thinking too much about the people who were fitting the bill."

Beasley has used the competitive pressures introduced by route tendering to cut unit costs by 20 per cent in real terms since 1986. He says this has been achieved by putting a stop to some of the "lax practices" which grew up during the monopoly years, such as overtime payments of up to three times basic wages to some staff.

Scheduling methods have also been changed. "A minute or two saved by each bus makes a big difference when you magnify it by 5,000 buses," Beasley says. Most noticeably, one person operated (OPO) buses have replaced the ageing Routemasters on many suburban routes, reducing the scope for delays caused by absenteeism.

Beasley is very keen on the interaction between bus staff and the customers, and has set up a training scheme to show driver/operators how to look after passengers. He has also appointed the organisation's first marketing director in an attempt to widen the customer base.

"Most people only use one or two bus routes, and they don't care much about what is happening elsewhere in London. So if we can just get people to use a third local route we have won the battle," he says.

The management structure of the company has been far from immune to the shake-up of the past few years.

Traditionally, London Buses operated through a matrix of engineering personnel and operating departments superimposed on a regional structure which divided London into five divisions plus a specially supervised central area.

"One of my first impressions of the company was that there were too many layers of management between the board and the bus stops," Beasley says. "It was too big and too centrally-dominated. We needed a structure where decisions could be made much closer to the customers."

Beasley was galvanised into doing something about this bureaucratic inertia by the prospect of full deregulation of London's bus services – expected in 1992 – which will mean that any would-be operator will be able to start a service on any route anywhere in the capital simply by giving six weeks' notice to the Traffic Commissioners.

Beasley believes that London Buses is too top heavy to compete in this environment in its present form.

The solution, now being implemented, has been to break up the company into 11 local units, plus a coaching subsidiary, each of which will have responsibility for all services within its area.

For the time being, the new companies will report directly to the board of London Buses, and will have to stick to routes handed over by the parent company and charge centrally approved fares. But once deregulation is implemented, the companies will be in competition with each other and whatever other companies enter the market. Beasley also says quite clearly that he expects the new companies to be privatised, probably a year or two after deregulation, which would imply 1993/94.

"What we are trying to do is to stay a step ahead of the Government," Beasley says. "At this stage I want us to be fit, lean and innovative, with an eye on the customer, so that when they lift off the protective net we will not be faced with the chaos that happened in the rest of the country."

London Buses has improved its "striking rate" for tendered routes significantly as the reforms of the last few years have worked through, and now holds around two-thirds of the route mileage open to competition. But Beasley admits that there is still plenty of room for improvement, especially since the long-term decline in passenger numbers is forecast to continue with a further 2 per cent fall this year.

"The great thing about getting these companies ready to go now is that they will have the whole of 1989/90 to sort themselves out (under central supervision) before they have to set their own budgets in 1990/91. That means they will have a full year's track record as independent companies before deregulation. That will give them a very fair opportunity to run themselves in," Beasley says.

Putting the theory into practice

Michael Skapinker explains how to ensure customer satisfaction

If asked, most managers will say that they think improved customer service is the key to competitive success. Why, then, do so many of their organisations fail to provide it?

A survey of more than 1,000 European managers, carried out by Management Centre Europe and John Humble, a consultant, provides the answer. While everyone likes the idea of customer service, not all companies are prepared to invest time and money in it.

Of all the managers surveyed, 85 per cent said that providing superior levels of customer service was one of their key responsibilities. Only 55 per cent, however, said that customer service was a priority in their organisations.

Just how little importance companies really attach to customer service became clear when the managers were asked whether their organisations had provided employees with training in customer service.

Only 38 per cent of those surveyed said that most managers in their organisation had taken part in a training or learning activity on customer service. Sixteen per cent said they had not. A further 36 per cent said that their managers had not had any customer service training, but that it would be a good idea if they did.

The organisations concerned had devoted even less time to training their own employees. Only 27 per cent said that their non-managerial staff had been trained in customer service. Twenty-three per cent said they had not. As many as 40 per cent said they had not, but thought they should be.

"There is a paradox," the authors of the survey say. "Where training is not provided, a substantial number of managers say that it should be. So what gets in the way? The neglect of middle manager service training is particularly dangerous. Without their support new strategies on service will just not get implemented.

"Jan Carlzon, president of the airline SAS, says that middle managers become hostile and counter-productive when by-passed. Another danger: too many of the training programmes for non-managerial staff turn out to be one day 'theatrical events' or simplistic 'smile courses' rather than serious action learning."

When the respondents were asked whether they compared their standards with those of their competitors, the answers were just as discouraging. Only 24 per cent said that their company systematically bought the goods and used the services of their competitors.

Another 37 per cent said that they did so when they got round to it. Twelve per cent said they did not really know whether they analysed their competitors or not. Another 12 per cent said they did not, but thought that it would be a good idea if they did. And 12 per cent simply said they never looked at what the competition did.

The authors of the survey argue that managers who genuinely want to provide a decent level of customer service need to consider the following 10 questions:

● Have I explained to my staff the company's policy on customer service?
● Have I agreed specific goals and performance benchmarks with my staff?
● Do we regularly measure and discuss progress and problems?
● Do I frequently remind my staff in informal discussions that the customer comes first?
● Do I often ask my staff for their perceptions of customers' needs and expectations?
● Do I regularly and personally ask customers about their needs and satisfaction with our performance?
● Do I set a good example to my staff in the way I deal with customers?
● Do I work with my colleagues to identify and remove obstacles to good service, such as poor facilities, low quality, delays and discourtesy?
● Have I made sure that the message "we are here to secure, satisfy and hold customers" runs through all the training given to my staff?
● Since I know that my customers have a choice, do I regularly study the service performance of our main competitors?

Service: the New Competitive Edge from Management Centre Europe, 15 rue Caroly, B-1040 Brussels. Free.

TECHNOLOGY

Minicabs book a ride away from paperwork

IN THE run up to the publication of the UK Government's green paper on licensing London's minicab services, the companies concerned are trying to prove that they are just as efficient as their black cab brethren. To further their cause, many are turning to computer systems.

Because minicab companies and motorbike couriers can only respond to telephone orders, they are heavily dependent on paperwork. For example, staff at Addison Lee, one of London's largest minicab companies, used to handle more than 3,000 dockets a day, each one filled out in triplicate. A fourth docket, completed by the driver, had to be married up with the office copy before the bill could be sent.

To cope with so much paperwork, the walls of the Addison Lee accounts office were lined with 1,000 pigeon holes, one for each big client. As the business – and the paperwork – grew, the management started to look for a larger building, says Daryl Foster, a director of the company. "Doing the accounts was a nightmare. It got to the point where we almost had to say 'let's just stop the business for a week so that we can sort out the accounts.'"

In the end the company abandoned its plans for new premises and instead invested £150,000 in a computer system from Newtons, of Mitcham in Surrey. Now the telephonist fills in a standard form on a computer screen and the information is fed to the terminal of the controller, who reads out the jobs to the drivers and bike riders over a radio link. The accounts department has immediate access and sends out computerised bills.

The system has enabled the company to increase the number of bookings it takes without employing extra staff – one telephonist can deal with nearly twice as many bookings as under the previous system.

It also improves management control, say Foster. The progress of a particular job or driver can be checked via a terminal, whereas previously it involved finding the appropriate but elusive paper docket.

Della Bradshaw

A swift switch of business systems

Alan Cane finds out how CEGB computer experts met a tough deadline

Computer technologists have won a race against time to install advanced information systems, costing £10m, for the UK's electricity supply industry in readiness for privatisation.

From tomorrow, three new divisions – National Power, PowerGen and the National Grid Company – will have to function as if they were independent companies, although they will still come under the umbrella of the Central Electricity Generating Board (CEGB) until early next year.

If the new computer system, which underpins every aspect of the three divisions' business from payroll to customer accounting, had not been ready, it would have been extremely difficult for the divisions to have fulfilled their commercial duties.

There were those who did not believe that the CEGB team could carry out the work in the given time. The history of commercial data processing is littered with more than enough disasters to suggest that their pessimism would be justified.

However, all the new hardware and data communications equipment has been successfully installed and the main applications software – dealing with the payroll, personnel and superannuation – has been loaded on to the new systems. General ledger and other business programs will be loaded before the end of the April accounting period.

"It has been the biggest single business systems project we have mounted," says Andrew Goldsworthy, commercial systems manager for the CEGB's computing and information systems department. It involved about 200 man-years of effort. "At peak times we have had 400 people working on the project."

Over 10 weeks, International Computers (ICL), the largest UK-based computer company, installed four new top-of-the-line mainframe computers and an advanced data communications system, connecting 4,000 terminals to scores of computers. In one case, building contractors completed the accommodation only hours before ICL installed the hardware.

The CEGB achievement is remarkable because of the extremely tight timescale – less than 12 months – and because the new structure has turned the board's data processing strategy on its head.

In the past, the CEGB has concentrated its business data processing in five regional "centres of excellence": London (superannuation), Solihull (materials accounting), Stockport (creditors accounting), Harrogate (payroll) and Bristol (systems).

In the new structure, however, each of the three divisions will stand alone and so need its own information systems. The idea of maintaining the existing centres as a service or "facilities management" operation for the divisions was rejected. As National Power and PowerGen were to be in direct competition, the risks to commercial confidence were reckoned to be too great.

So the CEGB management realised that it would have to undo all its previous work and allocate centres to the new divisions: London to the National Grid; Bristol, Stockport and Harrogate to National Power; Solihull to PowerGen.

Then it would have to "disintegrate" the data files and applications programs and install identical sets in each centre. "It has been rather like unravelling spaghetti," according to Goldsworthy, now information technology director designate for PowerGen.

The aim was to have enough separate but identical business software working in each of the new divisions by April 1 to allow them to operate as individual businesses. The risks were that the software would not be delivered on time, that the data communications network would not work and that ICL would not be able to handle the installation of four huge machines simultaneously. The software had to be identical because of the time constraints, but that meant imposing a measure of conformity across the CEGB's entire administrative operations – a difficult management feat.

The team used a computer-based planning system called Artemis for the project, but Goldsworthy believes that it owes its success to clearly defined objectives, a highly organised project team and powerful management support. Gil Blackman, CEGB deputy chairman, demanded weekly progress reports.


Tom Cruise, who co-stars with Oscar-winner Dustin Hoffman in the film Rain Man

Seeing the stars in three dimensions

IMAGINE Tom Cruise in the Oscar-winning film Rain Man. Now imagine Tom Cruise in three dimensions – without having to wear those special glasses needed for 3D effects in 1950s films such as The Creature from the Black Lagoon.

Three-dimensional images, or at the very least a greater sense of depth, should become commonplace in the cinema of the 1990s. It is one of the possible applications derived from high definition television (HDTV) technology.

Matsushita, the Japanese electronics company best known for the brands National, Panasonic and Technics, says that HDTV, which uses 1,125 lines instead of the standard 625 of European television, is superior in terms of picture quality to traditional 35 mm film. The extra lines improve both the image's definition and depth.

At present, the largest practical size of an HDTV screen is about 200 inches; beyond that the resolution begins to break up when projected.

Matsushita believes that there should be a substantial market for HDTV in small cinemas, bars and restaurants. However, it expects the technology to supplement rather than replace 35 mm film because of the screen size constraints.

HDTV has a number of advantages for the cinema owner, says the company. Not only does it provide improved images – thereby attracting more customers – but it also allows him or her to reduce costs and increase the potential size of the audience.

These benefits are achieved because HDTV projectors, which use cassettes rather than reels of film, can be mounted on the ceiling rather than at the back of the cinema, allowing the projection room to be converted into seats.

For the time being, however, the main problem is cost. Matsushita estimates that the earliest system available in the 1990s will cost around Y100m (£450,000 at today's prices) to install, although prices will fall later. Meanwhile, those wanting to see a 3D Tom Cruise will have to wait a while – or go to Hollywood.

Paul Abrahams

WORTH WATCHING

Edited by Geoffrey Charlish

Rewriting the story of storage

ERASABLE optical disks are set to dominate the data storage market over the next 10 years, according to Frost and Sullivan, the US-based market research organisation.

It foresees world sales of disks and drives peaking in 1992 at $1bn. Most of the products on offer (mainly Japanese) are in the evaluation stage with computer systems houses and other large users.

Details are contained in the market research company's 175-page report, costing £990, entitled Erasable Optical Memories. The report predicts that, by 1993, nearly 1m drives will have been installed and 10m disks sold.

Optical recording uses a very narrow laser beam to make microscopically small digital marks on the disk surface. Techniques include altering the direction of magnetisation of a magnetic coating, changing the chemical state of a surface material and making tiny bumps. All result from a pin-point of heat and are reversible through a second exposure to laser heat.

One problem is that erasure is usually a separate process and direct over-writing, as with conventional magnetic recording, is not possible. The process is relatively slow and much research is in progress to speed it up. Frost and Sullivan believes that over-writing will be available on commercially produced disks within four years.

The report says that the first uses of the medium will be in computer-aided design, image processing, desk-top publishing and wherever large amounts of data are stored. Later, use will spread to ordinary business and industrial systems.

By 1993, it adds, the recording cost per bit of data will be 10 per cent of that of magnetic media.

Lessons on a simulated engine

BEFORE tackling the real thing, operators of marine and other six-cylinder diesel engines can learn their job on a new simulator from Sud Marine Entreprises, of France. The cost and inconvenience of using the real engine for training purposes are thus removed.

The electronic simulator, called Sicomod, allows a student to go through a variety of standard and emergency procedures with an instructor. At the same time, a technical understanding of the engine's main mechanical and electrical functions can be gained.

The trainee sits at a console which presents a full set of controls and gauges: for pressure, temperature, fuel and oil levels, electrical circuits and similar items.

At the centre of the console is a video screen linked to a laser video disk. As the student carries out an operational sequence, the system recreates the engine sound and displays views of the engine or diagrams of functions and circuits.

At another console, the instructor can vary the tasks and present the trainee with different kinds of emergency.

Clearer picture for flat display

THE IBM laboratories at Yorktown Heights, New York, have revealed brief details of a prototype flat, colour display panel which has a 14 in diagonal and 1.5m pixels (picture elements), each capable of displaying up to 16 colours.

The new screen is part of a continuing two-year joint research programme between Yorktown Heights, the IBM Yamato laboratory in Japan and Toshiba, the Japanese electronics group.

The display incorporates thin film transistors and liquid crystal technology. IBM claims that it is larger and clearer than any demonstrated so far.

Study of CFC substitutes

THE UK National Engineering Laboratory (NEL), at East Kilbride in Scotland, is looking at ways of eliminating environmental pollution at source, including research into alternatives to CFCs (chlorofluorocarbons), which are now generally believed to be destroying the ozone layer in the upper atmosphere.

Although HFCs (hydrofluorocarbons) are thought to be an acceptable and economic substitute, there is little reliable data about these fluids, says NEL. This deters designers of refrigerators and other equipment now using CFCs from switching to the alternatives.

In a joint programme with Imperial College in London and Aristotle University in Greece, a means of reliably measuring the thermal conductivity of the new refrigerants will be developed.

Research will also be undertaken into the heat transfer characteristics of HFCs and the effect that pump lubricants can have on them.

NEL believes the higher cost of the new refrigerants will lead manufacturers of refrigeration plant to use lower volumes wherever possible.

At East Kilbride, exploratory work into more compact heat exchangers is already under way and has revealed the additional prospect of lower energy consumption.

Seen and heard in noisy places

MEDER Electronic (UK) is offering a personal broadcast system aimed at people who conduct industrial site visits, where a high level of background noise makes it hard for the audience to hear.

The speaker uses a low power radio transmitter and each member of the party wears a compact receiver equipped with an earphone. The system has a range of up to 100 metres and it is possible to have three speakers, each with a transmitter, operating on one site and using three different radio frequencies.

Tested and approved by the Department of Trade's radio communications division, the system needs no licence and transmits at about 49 MHz.

CONTACTS: Frost and Sullivan: London, 730 3438 or in New York on (212) 233 1080. Sud Marine Entreprises: France: 9198 9025. IBM UK: 0705 321212. National Engineering Laboratory: UK, 03552 72244. Meder Electronic: UK, 0435 830821.

THE PROPERTY MARKET

Changing face of Thurrock

By Paul Cheeseright

MRS Thatcher does not talk much about Thurrock, the flat lands on the north side of the Thames estuary. Nor do the ministers vaunting the Government's policies to turn the derelict into the prosperous.

Certainly there is little mileage for the Government at Thurrock. Regeneration of an area battered by the oil crisis of the 1970s has taken place without any help from the apparatus of development corporations, simplified planning zones and the like. It has taken place with the local authority, not over its head.

Local officials say proudly that the transformation of an unemployment rate pushing up around 30 per cent 10 years ago to just over the average for the south east has taken place without a penny of Government money. That is true as far as it goes, but there was the small matter of the building of the M25.

As soon as the orbital motorway had been completed Thurrock was at an advantage, handily placed for the south eastern ports and the eastern side of London, a natural distribution centre. Above all it had land. And it still does.

What was more the land ownership – and to be precise this is West Thurrock – was concentrated in few hands. The biggest holdings are in the hands of Pearson and Blue Circle. RTZ Estates, through the Tunnel Estate, was a significant owner but gradually disposed of its interests to a series of retailer property developers and latterly to Waterglade International.

Pearson bought 5,000 acres between 1917 and 1924, originally thinking it would construct a port complex. Blue Circle's involvement comes through its old cement activities. Indeed the land at the southern end nearest the river is pockmarked with pits and quarries still being reclaimed.

The landowners have tended to release land as it has been demanded, sometimes selling outright, sometimes taking part in joint development ventures, sometimes acting simply on their own behalf. And this, of course, is a much more lucrative pastime than it was in the early part of the decade.

Ray Pledger, managing director of West Thurrock Estate, the Pearson company, noted that land values are about a third of those in London. Prices are now around £500,000 an acre compared with £100,000 three years ago.

To some extent, values in Thurrock have been reflecting the shortage of straightforward and new industrial property in the south east. Consequent upon this, there has been a narrowing of yields.

Waterglade on its industrial park at Thurrock has forward funded a 97,335 square feet industrial and warehouse development called Trade Link with Prudential Pensions on a yield of just under 8 per cent. This prompted Robin Archer of Waterglade to note that the differential between the values east and west of London is diminishing.

"The yield would be about 7.5 per cent in the west, if you could find a site," he said. Such yields at Thurrock are pointing to rents of about £6 a square foot, the highest seen in the area.

But it is all very recent. "Rental values are lagging behind the land values and they're not being picked up on rent reviews because there's not the evidence," commented Mr Pledger.

When Waterglade moved into Thurrock last year it had 60 acres. It is unlikely to have any land left for development in 15 months' time. What is significant in terms of the values, however, is the changing nature of its projects. Starting from sheds, it is moving through the phase of building small units for owner-occupation to the construction of high-tech accommodation. In other words, Thurrock, Waterglade believes, can no longer be seen simply as an industrial area.

This is a marked change in perceptions from 10 years ago. It is now clear that changes in the area have gone roughly through four stages. The first was the closing down of cement works and other heavy industry traditional to the northern foreshore of the Thames following the oil shortages of the 1970s. This had made the wet processing of cement uneconomic. Unemployment shot up.

In the early 1980s, Thurrock Borough Council effectively launched the second stage. This was an attempt to attract industry back into the area by promising few constraints on development, and there was some success in bringing in the haulage industry.

The third stage can be said to have started in 1984 when Tesco, in isolation, started a new store in the area. This marked a shift in Borough Council policy, probably prompted by the fact that if Tesco did not start a store at Thurrock, it would simply start one somewhere else.

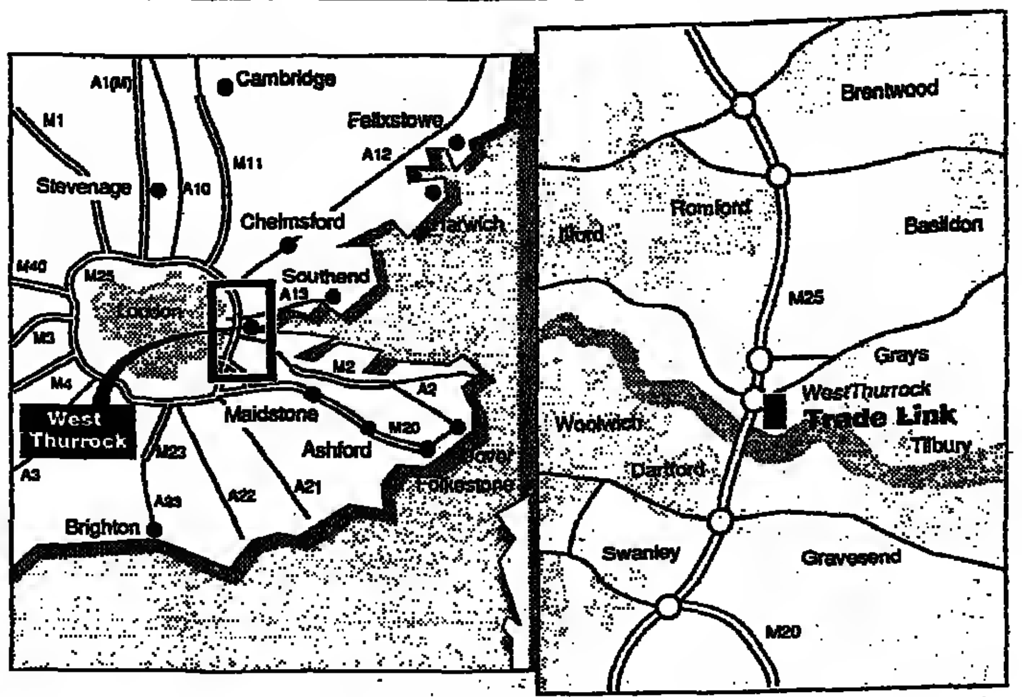
At any rate, Tesco's arrival proved to be the catalyst for the establishment of what is now a huge retail complex – a retail warehouse park, sold by West Thurrock Estate to Land Securities, plus other smaller developments of the same type and now the Thurrock Lakeside shopping centre under construction by Capital & Counties.

Thurrock Lakeside is the only regional shopping centre the Government has so far permitted alongside the M25. The steel frame is coming out of the ground. CapCo has spent £20m of a planned £40m on infrastructure for the development.

Retail development can be seen as e bridge between traditional industrial land use at Thurrock and e new economy based on offices, high-tech industry, hotels and the like.

What is clear is that, with Thurrock Lakeside, the retail process will have run its course. The Borough Council is set against a one-track retail economy and wants to encourage diversification. "We've got to say," said Mr Pledger, "that with the amount of retail we've got now, that must be it."

The fourth stage, then, in the transformation of Thurrock is about to start with, for example, the development of Waterglade's high-tech accommodation and over e longer period the creation of what is in effect a new town, called Chafford Hundred, on the eastern flank of the commercial property developments.



Out of chaos will come order – but it will all take time

Thurrock is cleaning up, but at the moment it looks like a vast construction site. This is not only because of the internal developments but also because it is an M25 town. There is not only the upgrading of the M25 but also the construction of a new Thames bridge to complement the Dartford Tunnel.

And there is Chafford Hundred – 5,000 houses planned on 600 acres by the consortium of Pearson, Blue Circle and Pelham Homes, the Rosehaugh subsidiary. At the moment Chafford Hundred is not much more than a giant earth moving exercise to prepare the site, but it will account for about half of the total housebuilding in the area.

Its place on the communications network gave Thurrock an economic boost that prompted the property development. The demand for commercial space has set off demand for residential space. The main housing so far is at South Ockendon, once a London County Council estate, on the east side of the M25, north of the commercial developments and Chafford Hundred.

EDUCATIONAL

COMPANY NOTICES

REPUBLIC OF ITALY
Ecu 300,000,000
Floating Rate Notes due 1992

In accordance with the terms and conditions of the Notes, notice is hereby given that for the three months period from March 30, 1989 to June 30, 1989 the Notes will carry an interest rate of 8 13/16% per annum (margin included).

The relevant interest payment date will be June 30, 1989 and the coupon amount per Ecu 10,000 nominal will be Ecu 226.40 and per Ecu 100,000 nominal will be Ecu 2,264.03.

BANQUE GENERALE DU LUXEMBOURG S.A.
AGENT BANK

CORRECTION NOTICE

Credit National

FF 500,000,000
Guaranteed Floating Rate Notes due 1991

In the notice published in the Financial Times on March 28 the interest payable per note of FF100,000 should have read FF 2,373.47.

CLAL FINANCE NV
US$20,000,000

GUARANTEED FLOATING RATE Notes 1995

The interest rate applicable to the above Notes in respect of the period commencing 31st March 1989 will be 11.5625% per annum.

The interest amounting to US$ 292.27 per $5,000 principal amount and US$ 584.55 per $ 10,000 principal amount of the Notes will be paid on 29th September 1989 against presentation of Coupon No. 3.

Bank Hapoalim B.M.,
Agent Bank

LEGAL NOTICES

No. 00905 of 1989
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
MR JUSTICE MILLETT
IN THE MATTER OF
HEPWORTH PLC
- and -
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE is hereby given that the Order of the High Court of Justice Chancery Division dated 20th day of March 1989 confirming the cancellation of the amount standing to the credit of the Share Premium Account of the above-named Company was registered by the Registrar of Companies on the 21st day of March 1989.

DATED the 31st day of March 1989

Slaughter and May (RCH/FWN/MDE)
35 Basinghall Street,
London EC2V 5DB

Solicitors for the said Company

No. 002931 of 1989
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
In the matter of
The Ward Group plc
and in the matter of
the Companies Act 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated the 8th February 1989 confirming the cancellation of the Share Premium Account of the above named Company was registered by the Registrar of Companies on the 11th March 1989.

Dated this 29th day of March 1989

Wilkinson Maughan,
Sun Alliance House,
35 Mosley Street,
Newcastle upon Tyne, NE1 1XX.

Solicitors for the above named Company

PERSONAL

Dear Methuselah, I nearly forgot. Have a Happy Birthday. Remember I love you, best of best. A.M.F.

NOTICE TO ADVERTISERS

NEW FT FAX NUMBER

From Monday 20th March

The Advertisement Financial Fax Number is:

(01) 873 3078

INTERNATIONAL PROPERTY

COMPANY NOTICES

NOTICE TO THE WARRANTHOLDERS OF
MITSUBISHI PETROCHEMICAL COMPANY LIMITED
U.S.$200,000,000 1¼ per cent. Guaranteed Notes due 1992
and
U.S.$70,000,000 3¾ per cent. Guaranteed Notes due 1993
and
U.S.$200,000,000 4 per cent. Notes due 1993
each with Warrants (the "Warrants")
TO SUBSCRIBE FOR SHARES OF COMMON STOCK OF
MITSUBISHI PETROCHEMICAL COMPANY LIMITED

NOTICE IS HEREBY GIVEN that Mitsubishi Petrochemical Company Limited (the "Company") has changed its financial year-end from 31st December to 31st March pursuant to the approval given at the shareholders' meeting of the Company held on 30th March, 1989, and that the Company will have a transitional financial period of three months running from 1st January, 1989 to 31st March, 1989 and thereafter its financial year will run from 1st April to the next following 31st March; as a result thereof, the record dates for the payment by the Company of annual dividends and interim dividends will be 31st March and 30th September, respectively, in each year (31st March, 1989 in the case of dividend for the transitional financial period mentioned above), and the Dividend Accrual Period with respect to the shares of the Company issued upon exercise of Warrants will be each six-month period ending on 31st March or 30th September in each year (a three-month period ending on 31st March, 1989 in the case of the transitional financial period mentioned above).

MITSUBISHI PETROCHEMICAL COMPANY LIMITED
By The Mitsubishi Bank, Limited
London Branch
as Principal Paying Agent
31st March, 1989

To the Holders of Warrants to subscribe for shares of common stock of
NAKAYAMA STEEL WORKS, LTD., OSAKA
(the "Company")
(issued in conjunction with an issue by the Company of U.S.$ 70,000,000.00 4¾ per cent Guaranteed Bonds 1993)

NOTICE OF FREE DISTRIBUTION OF SHARES AND ADJUSTMENT OF SUBSCRIPTION PRICE

Pursuant to Clause 3 paragraph (I) of the Instrument dated 3rd March, 1988 under which the above described Warrants were issued notice is hereby given that on 28th February, 1989 the Board of Directors of the Company resolved a free distribution of shares of common stock of the Company in the ratio 0.05 share for each one share to its shareholders of record as of 31st March, 1989.

As a result of such distribution, the Subscription Price at which shares are issuable upon exercise of the Warrants will be adjusted in accordance with Clause 3 of the Instrument from YEN 643.00 to YEN 603.10 with effect from 1st April, 1989.

NAKAYAMA STEEL WORKS, LTD., OSAKA
(By: The Sanwa Bank, Limited as Principal Paying Agent)

31st March, 1989

METROPOLITAN ESTATE & PROPERTY INTERNATIONAL N.V.
US$ 25,000,000 9% Loan 1991

FINAL REDEMPTION

NOTICE IS HEREBY GIVEN that in accordance with Condition 5(b) of the Terms & Conditions of the Bonds, Metropolitan Estate & Property International N.V. announces that all the outstanding Bonds of the above Loan are to be Finally Redeemed at 100% (plus 150 days accrued interest) on 30th June 1989 from which date all interest thereon will cease.

These Bonds, when presented for payment at the offices of the Paying Agents (set out on the reverse of the coupons) in the manner specified in Condition 7 of The Terms & Conditions of the Loan printed on the reverse of the Bonds, must bear Coupon No. 18 dated 1st February 1991.

Coupon No. 17 should be detached from the Bonds and lodged at the same time for payment of the accrued interest amounting to US$33.33.

Principal Paying Agent:
N.M. Rothschild & Sons Limited
New Court
St. Swithin's Lane
London EC4P 4DU

NOTICE TO HOLDERS OF THE BONDS AND WARRANTS OF SONOIKE MFG. CO., LTD. (the "Company"), Odawara, Japan
U.S.$80,000,000 3¼ per cent. Guaranteed Bonds due 1991 with Warrants

NOTICE IS HEREBY GIVEN THAT:

1. Effective as from 1st April, 1989, SONOIKE MFG. CO., LTD. will change its name to AMADA SONOIKE CO., LTD.
2. The above-mentioned Bonds and Warrants will remain listed on the Luxembourg Stock Exchange under the Company's previous name but followed by the new name. Each new notice to the holders of the Bonds and Warrants will contain both names.
3. The Bonds and Warrants will not be stamped or exchanged for new Bonds and Warrants.
4. The Company will change its fiscal year end from 30th September to 31st March effective as from 1st April, 1989. However, the "Dividend Accrual Period" defined in Condition 4 of the Warrants remains unchanged.

SONOIKE MFG. CO., LTD.
31st March, 1989

LEGAL NOTICE

IN THE MATTER OF
FOX MILTON & COMPANY LIMITED
AND
IN THE MATTER OF
THE INSOLVENCY RULES 1986

In accordance with Rule 4.106 of the Insolvency Rules 1986 notice is hereby given that I.D. Williams of Grant Thornton, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP was appointed liquidator of the above company by the members and creditors on 15 March 1989.

Dated this 17 day of March 1989

I D WILLIAMS
LIQUIDATOR

No. 00873 of 1989
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
MR JUSTICE MILLETT
IN THE MATTER OF
ASDA GROUP PLC
- and -
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE is hereby given that the Order of the High Court of Justice Chancery Division dated 20th day of March 1989 confirming the reduction of the Share capital of the above-named Company from £376,911,090 to £275,000,000 was registered by the Registrar of Companies on the 21st day of March 1989.

DATED the 31st day of March 1989

Slaughter and May (NPB/FWN/MDE)
35 Basinghall Street,
London EC2V 5DB

Solicitors for the said Company.

NOTICE TO ADVERTISERS

NEW FAX NUMBERS

As from Monday 20th March
The Financial Times Advertisement Department will have new Fax Numbers as follows :-

Advertisement Production	- (01) 873 3063
Advertisement Overseas	- (01) 873 3079
Advertisement Classified	- (01) 873 3064
Advertisement Financial	- (01) 873 3078
Advertisement Trade	- (01) 873 3062

From the same date our new address will be :-

NUMBER ONE SOUTHWARK BRIDGE
LONDON SE1 9HL

Telephone 01-873 3000

ARTS

Arts Week

F	S	Su	M	Tu	W	Th
31	1	2	3	4	5	6

THEATRE

London

Fuente Ovejuna (Cottesloe). Wonderful production of Lope de Vega classic by *Cheek By Jowl* director and designer Declan Donnellan and Nick Ormerod. The best National production in this venue since the Bill Bryden company. April 7-12, May 3-6 (928 2252).
Bed (Cottesloe). Imaginative reverie for old codgers in pyjamas and a sleeping den as big as the Great Bed of Ware itself. The delightful and unusual proceedings are scripted by Jim Cartwright, directed by Julia Bardsley. March 31-April 3, April 13-19, April 26-May 2 (928 2252).
Hamlet (Olivier). This picturesque Renaissance revival by Richard Eyre for the National Theatre is a disappointment, though Daniel Day-Lewis may improve with experience in the role. April 12-15, May 2-8, 16-18, May 25-June 1 (928 2252).
Single Spies (Queen's). The highlight of Alan Bennett's double bill is a comic confrontation between Prunella Scales as Her Majesty the Queen and Bennett himself as Anthony Blunt in the royal picture gallery. Simon Callow plays Guy Burgess in a rehash of Bennett's fine TV film An Englishman Abroad (734 1166).
Back With A Vengeance (Drury Lane). Dame Edna Everage, alias Barry Humphries, breezes back to town after a nationwide tour and is not to be missed. Ends April 15 (836 8108).
A Walk in the Woods (Comedy). Alec Guinness and Edward Herrmann in feeble off-duty arms negotiation encounter by Lee Blessing. Guinness, back on the London stage after 10 years, is in subtle virtuoso form as the Soviet veteran of tactical stonewalling and no-dealing tricks (930 2578, cc 839 1438).
Brigadoon (Victoria Palace). 1947 Lerner and Loewe "heather-scented" Scottish fairytale hit is handsomely revived and well sung, less frail than expected (834 1317, cc 836 2428).
The Vortex (Garrick). Maria Aitken and Rupert Everett in brilliant reappraisal by Philip Prowse of Noel Coward's 1924 study of drug addiction and mother fixation. Mannered, excessive, beautifully costumed. A must for yuppies (379 6107, cc 741 9999).
Hedda Gabler (Olivier). Juliet Stevenson is energetically wilful in fine National revival using a new Christopher Hampton translation. A full-scale, monumental reading, with European design to match by Bob Crowley. Howard Davies directs, Norman Rodway is Judge Brack. Performances on April 1-11 (928 2252).
Mrs Klein (Apollo). Intriguing chat among the child psychoanalysts in Nicholas Wright's hit *transfer from the* National. Fizzing performances from Gillian Barge, Francesca Annis, Zoë Wanamaker (437 2663, cc 379 4444).
The World According to Me! (Playhouse) Jackie Mason, Jewish stand-up comic who revives the near lost arts of scathingly satirical monologue and vaudevillian timing to the London stage for a limited season. Achingly funny and irreverent. (839 4401)
Henceforward (Vaudeville). Ian McKellen and Jane Asher in bleakly funny and experimental Alan Ayckbourn comedy of future shock and strained marriage. (836 9987, cc 741 9999).

New York

Shirley Valentine (Booth). Pauline Collins brings her West End triumph to Broadway in Willy Russell's amusing and touching story of a Liverpool woman's awakening in the Aegean Sea. Simon Callow again directs without smoothing any of the Northern English edges that retain an authentic touch.
Jerome Robbins' Broadway (Imperial). Anyone attracted by the notion of a three hours of film trailer previews will adore this compendium of Robbins' directed and choreographed plays of the past 40 years, including On the Town, West Side Story and Gypsy.
Rumours (Broadhurst). Neil Simon's latest comedy is a self-conscious farce, with numerous slamming doors and lots of mugging but hollow humour that misses as often as it hits. Christine Baranski leads an ebullient cast in the inevitable but disappointing hit.
Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262).
A Chorus Line (Shubert). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions (239 6200).
Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).
Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. It has nevertheless proved to be a durable Broadway hit (947 0033).
M. Butterfly (Eugene O'Neill). The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy (246 0220).
Phantom of the Opera(Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

Washington

Beggar's Opera(Folger). This eighteenth century view of London low life by John Gay gets inspiration from its Globe Theatre setting. Ends April 9 (546 4000).
Paul Robeson (Eisenhower). Tony-award winner Ron Richardson alternates in the title role with Avery Brooks as the heroic American black singer, entertainer and civil rights activist in this new musical. Ends April 30 (254 3670).

Chicago

Driving Miss Daisy (Briar Street). The touching relationship between a dowager, played in this production by Dorothy Loudon, and her black chauffeur exposes the changes in the South over the past several decades (348 4000).
Steel Magnolias (Royal George). Ann Francis and Marcia Rodd *play the leads in this* view of southern life from under the dryers in a busy hairdressing establishment (988 9000).

Tokyo

Kabuki. At the National Theatre (265 7411). *Shinsarayashiki Tsuki Amagasa* (*O Tsuka's Death*)depicts the uneasy relations between the upper and lower classes in the late 18th century and contains a famous scene in which the leading character breaks a vow and turns back to drink.
Ryvo (*The Dragon King*). Shimbashi Embujoh Theatre (541 2211). Vulgar but highly enjoyable production (in Japanese and Chinese) in which plot, about a Chinese boy and a Japanese fisherman who join forces to *defeat the dragon king, is less* important than acrobatics and spectacle. Directed by and starring kabuki showman, Ennosuke Ichikawa, with over 100 members of his own company and of the *Peking Opera Company.*
Nastasya. Benisan Pit (546 2087). Brilliantly conceived and executed adaptation (in Japanese) of Dostoyevsky's *The Idiot*, directed by Andrzej Wajda and starring world-famous kabuki actor Tamasaburo Bando. A virtuoso performance.
My Fair Lady. Koseininkin Kaikan, Shinjuku (407 8155). Touring production (in English) of the classic musical, with James Harrison following in father's footsteps as Professor Higgins.
Daisan Erotica. Space Zero, Shinjuku (369 1127). One of Japan's leading avant garde companies presents two of Yukio Mishima's "modern" noh plays, *Sotoba Komachi* and *Lady Aoi.* (Wed-Sun).

EXHIBITIONS

London

The Royal Academy. Italian Art in the 20th century: after German and British, the third in the Academy's roughly biennial sequence of major national surveys. This is an exceptionally thorough study of the earlier phases, clearly setting out the several developments of Futurism, Metaphysical Painting, Realism and Abstraction, but is rather more cursory and helter-skelter in bringing the story up to date. But the works in themselves are well chosen throughout, never less than intriguing and often very beautiful. All in all it is a remarkable exhibition. Daily until April 9; sponsors Alitalia and Fiat.
The Barbican Art Gallery. The Last Romantics. A fascinating study of the romantic, symbolic and decorative strain in British painting, that links Burne-Jones and the later pre-Raphaelites to Stanley Spencer and the Slade muralists of the 1920s. Daily until April 9.
The Whitechapel Art Gallery (in collaboration with the Fundacio Joan Miro, Barcelona). Joan Miro: Paintings and Drawings 1929-41 – a study of the purest and most abstracted of the Surrealists through the period of transition from his earlier, directly figurative work, to the final confirmation of his mature and most characteristic manner. Daily except Mondays until April 23 – sponsored by Citicorp/Citibank.
The Hayward Gallery. Leonardo da Vinci: Artist, Scientist, Inventor. The most comprehensive exhibition ever staged of the drawings of Leonardo, including 88 from the Royal Library at Windsor. The full range of his interests is covered – imaginative, anatomical, botanical, mathematical, geographical, mechanical – and the show concludes with an impressive display of models of his mechanical proposals, including a full-scale reconstruction of his flying-machine. The sponsors, IBM, contribute a number of computer studies and projections of some of his other works and schemes, including an analysis of the perspectives of the Last Supper. Daily until April 16.
The Hayward Gallery. La France: Images of Women and Ideas of Celebration of France, the Revolution Revisited. The exhibition is an odd and delightful anthology of images of that sometimes seductive, sometimes daunting personification of La France, Marianne, as she has been has been depicted in French art over the two centuries since the Revolution, with a few antecedents thrown in. It is frustrating in that not all the requested loans were met, and the gaps are eloquent of the larger exhibition that might have been. But even so it is a generous and affectionate tribute to Britannia's difficult neighbour. Daily until April 16: then on to the Walker Art Gallery, Liverpool, May 3 to June 11.

Paris

Grand Palais. The French Revolution in Europe. A vast exhibition organised by the Council of Europe tries to situate the French Revolution in the social and political context of Europe as a whole. Over a thousand paintings, sculptures, engravings, objets d'art and everyday objects lent by 15 countries retrace the pre-revolutionary splendour of European courts and the aristocracy as opposed to the laborious life of the peasants. The fall of the Bastille, the symbol of the Revolution, is richly documented, as is the political influence of artists who, by representing the heroes of antiquity indirectly bestowed the Roman Republicanvirtues on an idealised contemporary reality. A visual representation of the Human Rights Declaration becomes a cornerstone of the revolutionary iconography. The exhibiton ends with images of Napoleon's seizure of power and restoration of an authoritarian regime. Closed Tue. Late opening night Wed. Ends June 26 (42895410).
Grand Palais. Paul Gauguin. Coming after Washington and Chicago, 250 works from all over the world form an important retrospective of the legendary *peintre maudit*, influenced at first by the impressionist Pissarro and later by Degas and Cezanne. The powerful personality of the self-taught artist rapidly asserts itself. The combination of japanism and primitivism expressed in glorious pure colours and the grave sensuality of his large Tahiti canvases revolutionised the artistic scene of his time and inspired the avant-garde movements of the early 20th century. Until April 24, closed Tue; late closing night Wed (42 96 58 30).
The Louvre. The glass pyramid, built by I.M. Pei, the Sino-American architect, has opened to the public as a dramatic entrance to one of the world's most famous museums. Erected as a medieval fortress in 1204, the Louvre later expanded into a renaissance royal palace only to be turned into a museum in revolutionary 1793. Since then, the modernisation of the museum's infrastructure became a matter of utmost urgency and the pyramid's centralising role is an important step towards the completion of the project of the Grand Louvre planned for 1995. It will involve the moving around of 800 of the exhibits, but the three stars – the Mona Lisa, the Victory of Samothrace and the Venus de Milo will remain firmly in place. Open 9am-6pm, Mon and Wed until 9.45pm, closed Tue.
Musée Jacquemart-André. Russian historical costumes. Leningrad's Hermitage Museum has lent 200 exhibits from its treasure trove of historical costumes dating from 1700 to 1914. Richly embroidered court dresses, gold on red velvet or silver on silvery brocade vie with the gracefulness of French-inspired lines of a white muslin dress. There are uniforms, sacerdotal robes and servants' liveries, there is the exotica of peasants' colourful clothes. 158, Bld Haussmann, 12 noon-6.30pm; ends May 31.
Musée des Arts Decoratifs. The intimate world of Alexander Calder, some 300 works, most of them gifts to family and friends and, as such, exhibited for the first time, show the inventiveness and sense of humour of the sculptor. Tins are turned into birds and twisted wire catches the likeness of a friend, while a miniature circus is created from bits and pieces in a riot of playfulness. Ends May 21. Closed Mon and Tue (42603214)
Musée d'Orsay. Paul-Emile Miot's photographs from Tahiti 1869-1870 show the melancholy reality behind Gauguin's dreams of an exotic paradise. Closed Mon, ends April 23 (40494814).
Musée du Luxembourg. Treasures of Gallo-Roman Silverware. The splendour of Roman silversmiths' work is brought to life by the rich finds on the territory of Roman Gaul. 250 exhibits show favourite decorative motifs – floral themes, scenes inspired by hunting or by the Dionysos cult. Tableware, mirrors and treasures from temples testify to the finesse of Roman and Gallo-Roman master craftsmen. 19, rue de Vaugirard (42342595). Closed Mon, ends April 23.
Musée de Cluny. Medieval art in Paris. The abbots of Cluny built their magnificent late Gothic town house in the heart of the Latin Quarter on the blackened ruins of Roman baths. Now a museum, it houses medieval works of art – goldsmiths' work, carved altarpieces, ivories, fabrics, with two English royal standards embroidered in gold on red velvet. In a rotunda of its own is a set of the Lady and the Unicorn mille fleurs tapestries – an allegory of the five senses, one of the masterpieces of medieval art. Place Paul-Painlève, Métro Odéon. Closed Tuesdays and lunchtimes.

Brussels

Palais des Beaux-Arts. Art Deco in Europe. Tues-Sat, closed Mon. Ends May 28.
Musée Royaux d'Art et d'Histoire. Tibet – Terror and Magic, sculptures and paintings of lamaist gods on loan from the Musee Guimet, Paris. Closed Monday ends May 14 (733.9610).
Banque Bruxelles Lambert. Women at the Time of the French Revolution – daily, ends may 15. Galerie CGER. The Heritage of the French Revolution 1794-1814. daily ends June 11.

Frankfurt

'Je Suis le Cahier', the sketchbooks of Picasso. This exhibition of 40 sketchbooks and around 200 paintings, organised by the New York based Pace Gallery and sponsored by the American Express company, will have its second stop here in Frankfurt on the European tour. These fascinating sketchbooks, owned by Picasso's family have never been shown in public before. All styles and periods in his working life are represented here. These books cover around 70 years of his life; his start in Spain of the turn of the century, the cubism period before the First World War, and followed by the period from 1920 to 1965. In the sketchbooks there are his most famous works as Damoiselle d'Avignon (1907), the Swimmers (1918),the Clown (1905). Ends May 28.
Schirn Kunsthalle und Kunstverein, Am RömerbergProspect 89. Peter Weiermair director of Frankfurt's arts association has again chosen a wide variety of artists with around 80 painters and sculptors from 15 different countries for this year's Prospect 89. The gallery of the Schirn Museum, gives the visiter the opportunity to follow the artist's creative development. Among the artists are Thomas Gruenfeld, Heinrich Dunst, Peter Halley and well known Robert Mangold, Donald Judd, Ellsworth Kelly. This exhibition also includes some performance art based on the ideas of the artist Richard Artschwager. Kunstverein presents works with special themes with pictures by Frencesco Clemente, Leon Golub, Franz Wanner and Mike Kelley. Scott Burton, shows two stone seats,Ian Hamilton Finlay with 12 heavy stones under the title of "The present order is the disorder of the future" and Barbara Kruger is the exception with her photographs and picture text montages. Ends May 21.

Vienna

The Bank für Arbeit und Wirtschaft. A large and varied exhibition of paintings and water colours by George Eisler, one of Austria's best known painters, is on show. Eisler left Vienna during the War, lived in Manchester but was one of the few artists to return. Ends April 20.
Secession. There is always some exhibition by Austrian artists on show here. But it is also worthwhile to go downstairs and see Klimt's Beethoven Frieze, which has been restored to its original place. The Secession, home of Vienna's fin-de-siecle painters, has been wonderfully restored.
A New Art Gallery, run by the state-run Leanderbank, makes its debut with what is expected to be an exciting exhibition on Egon Schiele, one of Vienna's greatest *fin-de-siècle* artists.
The Kunstforum, a new art gallery run by the state-run Leanderbank, makes its debut with the Leopold collection, a Viennese who bought several paintings by Egon Schiele, one of the leading lights of Vienna's fin-de-siecle, for next to nothing in the 1950s. There's are some wonderful Klimt sketches and Kokoschkas. Well worth catching. Ends June.

Rome

Palazzo Braschi. Views of Rome by Giambattista Piranesi: 93 engravings by Piranesi and contemporaries (including his son, Francesco and his maestro, Giuseppe Vasi) covering the years 1745 to 1778 at a magical period in the city's history, when decorative additions to the baroque city such as the Trevi fountain and the flight of steps from Trinita dei Montito Piazza di Spagna had only just been completed, and a mere 100 or so years had passed since Bernini had completed the two fountains and the colonnade in St Peter's Square. The exhibition opens with the exquisite map of the city engraved by Gian Battista Nolli in 1748, beneath which Piranesi has drawn the facades of S. Maria Maggiore, S. Croce in Gerusalemme, and the symbol of Christian Rome, St Peter's. Piranesi stands out from his contempories for the innate drama of his engravings, this quality becoming ever more pronounced until the cool, analytic approach taught by his mentor Vasi, loses out completely to the romantic and poetic side of Piranesi's nature: note his engravings of the interior of the colosseum (1788) and the temple of Minerva Medica. Until April 25.

New York

Pierpont Morgan Library. Master drawings borrowed from Holland's oldest museum, the Teyler in Haarlem, focuses on work by Michelangelo, Raphael, Golzius, Rembrandt and Guercino among 100 pieces from the 16th and 17th centuries. Ends April 30.
Museum of Modern Art. In advance of its arrival at London's Hayward Gallery in November, the first retrospective of the work of Andy Warhol since 1970 surveys all his work from the 1950s, covering the Campbell's Soup cans, silkscreens on canvas of Elvis, Jackie Kennedy, Marilyn Monroe and other movie stars, disaster paintings and numerous self-portraits. Ends May 2.

Washington

National Gallery of Art. Cézanne: the Early Years. Already seen at London's Royal Academy of Art and the Musée d'Orsay in Paris, the exhibition comprises 65 oils and 35 drawings showing Cézanne's proto-impressionist techniques from 1859 to 1872. Ends April 30.

Chicago

Art Institute. As part of a national tour, 67 rare ancient Greek sculptures, bronzes, and painted terracotta trace the development of the human form in art from the tenth to the fifth centuries BC. Ends May 7.

Tokyo

National Museum. Screen Paintings of the Muromachi Period (1334-1573). The Muromachi Period corresponds to the Renaissance in Europe and much of its art was produced under the influence of Zen Buddhism and of Chinese ink painting of the Sung and Yuan dynasties. Landscape, birds and flowers are among the favourite subjects and this exhibition includes works by such masters of the genre as Sesshu and Kano Motonobu. Closed Mondays.
National Museum of Western Art. Masterpieces from the Vatican. A somewhat random selection of paintings and sculptures, chosen to demonstrate the development of western art from ancient Greece to the Renaissance as well as to present the architecture of the Vatican itself. Closed Mondays.
National Museum of Modern Art. Odilon Redon. A major retrospective featuring more than 200 paintings, prints and drawings by the great French Symbolist, attractively arranged by subject matter (monsters, angels, apparitions etc) rather than chro-

Closed Mondays.
Hara Museum, Kitashinagawa. Hara Annual IX. Recent works by ten young and upcoming Japanese artists: an opportunity to view trends and developments in contemporary Japanese art.
Grand Gallery, Odakyu Department Store, Shinjuku. Ancient Greece and Rome, Sculptures, ceramics and other art works, depicting the gods and goddesses of classical myth, on loan from the State Museum of Ethnology in Leiden, Holland. Closed Tuesday.

OPERA AND BALLET

London

Royal Opera, Covent Garden. Luchino Visconti's famous 1958 production of *Don Carlos* returns for its last-ever revival, conducted by Richard Armstrong, with a cast including Samuel Ramey, Dennis O'Neill, Katia Ricciarelli, Agnes Baltsa, and Gino Quilico.
English National Opera, Coliseum. Jonathan Miller's dark, handsome staging of *Don Giovanni* is revived with Steven Page in the title role, Rita Cullis as Anna, Elizabeth Hynes as Elvira and Jane Glover (making her ENO debut) as conductor. More performances of the first-ever Coliseum *Falstaff*, produced by David Pountney and conducted by Mark Elder or Lionel Friend, with Benjamin Luxon at the head of an excellent cast; final showing of *The Turn of the Screw*, another Miller production, with a notable Quint and Governess in Robert Tear and Gillian Sullivan.

Paris

Théâtre des Champs Elysées. Rossini's *William Tell* with Michael Schoenwandt conducting the Orchestre National de France in a new co-production between the Théâtre des Champs Elysées, Teatro alla Scala, Nice Opera and the Total Foundation for Music (47233827).
Paris Opéra. Tchaikovsky's *Sleeping Beauty* in Rudolf Nureyev's production and choreography after Petipa conducted by Patrick Fournillier alternating with Vello Paehn in Nicholas Georgiadis decors and with Paris Opéra stars (47425371).
Théâtre de la Ville. Carolyn Carlson dances *Solo Blue Ladyto* René Aubry's music (42742277).

Brussels

Théâtre Royal de la Monnaie. *Fidelio* produced by Adolf Dresen, with the chorus and orchestra of the Monnaie conducted by Hans Zender. Josef Protschka is Florestan, Janis Martin plays Leonore (Fri, Sun, Tues) 218.1211.

Vienna

Staatsoper. In repertory: *Il Barbiere di Siviglia* conducted by Ion Marin and sung by Martine Dupuy, Nicolae Ghiaurov, Bruno Pola; *Der Rosenkavalier* conducted by Horst Stein, with Lucia Popp, Patricia Wise, Alfred Sramek and Peter Jelosits; *Il Trovatore* conducted by Berislav Klobucar, with Martine Dupuy, Brigitte Poschner-Klebel, Piero Cappuccilli. Ballet: *Tanz Schule* conducted by Arturo Tamayo, and *Raymonda* conducted by Caspar Richter (51444. ext. 2660).
Volksoper. In repertory: *Die Zauberflöte, Die Fledermaus, Der Fremdenführer, Die Frühchdits, Mignon, Hoffmanns Erzählungen* and *My Fair Lady* (51444. ext. 2662).

Berlin

Deutsche Oper. Closed for renovations.

Hamburg

Staatsoper: Der Rosenkavalier has fine interpretations byJudith Beckmann, Hildegard Hartwig, Dieter Weller and HelmutBerger-Tuna. Rihm's *Die Hamletmaschine* will have its premiere this week. In the main parts are Richard Salter, Linda Plech and the two actors Christian Bossert and Wolfgang Trautwein. *Fidelio* has Nicolaus Harnoncourt as conductor.

Frankfurt

Opera. *Il Barbiere di Siviglia* features Zehava Gal, Michael Shamir, Bodo Schwanbeck, Rodney Gilfry and Franz Mayer. *Dido and Aeneas* is respectable with Glenys Linos, Valentin Jar, Ulrike Sonntag, Sonia Theodoridou, Linda Finnie and Margit Neubauer.

Cologne

Opera. *La Traviata* is sung by Maria Spacagna, Fernando de la Mora and Brent Ellis. Cologne honours the great producer Jean-Pierre Ponnelle, who died last year, by restaging the complete Mozart cycle of seven operas, all produced by him. This week's performance will be *Die Entführung aus dem Serail*, with a strong cast led by Mariella Devia, David Kuebler and Martin Finke. *Faust*, sung in French rounds off the week.

Bonn

Opera. *Tannhäuser* stars Richard Versalle in the title role,Nadine Denize, Sabine Hass, Wolfgang Brendel and Alfred Muff. *Madame Butterfly* has wonderful Marco Arturo Marelli production and sets with Yoko Watanabe and Michael Sylvester excellent in the leading parts.

New York

Metropolitan Opera. Benjamin Britten's *Billy Budd* returns to the repertory with Thomas Allen in the title role, James King as Captain Vere and Jan-Hendrik Rootering as Claggart, conducted by Thomas Fulton. *Die Walküre*, conducted by James Levine, Jessye Norman sings Sieglinde, with Hildegard Behrens as Brünnhilde and James Morris as Wotan. The week's performances also include *Rigoletto* with Hei-Kyung Hong as Gilda and Leo Nucci in the title role, conducted by Nello Santi and the last performances of *Eugene Onegin* conducted by Andrew Litton with Jorma Hynninen in the title role. Lincoln Center Opera House (362 6000)

Washington

American Ballet Theatre. While Mikhail Baryshnikov performs in *Metamorphosis* on Broadway, his company premieres his new staging of Swan Lake as part of their mixed spring repertoire. Ends April 16. Kennedy Center Opera House (254 3770).

Tokyo

Saburo Teshigawara (modern dance). *Melancholic* (Mon, Tues), *Ishi no Hana (Stone Flower)* (Thurs) Parco Theatre, Shibuya (332 4646).

ARTS

Rambert Dance Company

SADLER'S WELLS

The opening programme in the Rambert spring season on Wednesday night asserted certain very important facts about the company in the third year of Richard Alston's directorate. The "house style" is clean, the dance sharp in outline, bright in dynamics. The visual identity of the repertory is no less sharp and assured, witness the Bruce McLean decoration for *Soldat* and the lean, sure look of the three other works in the evening. The musical texts are adventurous, well performed; the repertory can encourage new creators – Ashley Page from the Royal Ballet – and show crucial influences such as Merce Cunningham, as well as offering Alston's own decisive imagery.

The effect is of integrity in artistic decision and aim, sustained by an ensemble that now looks as finely tuned and responsive as at any time in my four decades of watching Rambert. And though there was nothing brand new in the evening – the London novelty was Page's *Soldat* – the continuing freshness of style and the rigour of presentation made for continual pleasure in watching a troupe on peak form.

Cunningham's *Septet* mingles an innocent lyricism with faux-naif charm, just as does its Satie score, and my eye was constantly drawn (as throughout the programme) to the dancing of Amanda Britton. With her long, true limbs, she is a Euclidian dancer, proving Cunningham's elegant theorems with an unerring simplicity and grace. The abrasive response to *Septet* continues to be Richard Alston's *Hymnos*, driven on its way by the aggressions of Peter Maxwell Davies' writing for clarinet and piano. It is hysterical music which Alston shapes as a view of uneasy and harsh physicality: its two couples perhaps arriving at some form of self-knowledge at the end of the piece.

The poor Soldier in Ashley Page's *Soldat* knows only too well how he has been cheated by the Devil as the piece ends. His story, as I reported from the work's premiere in October, is told in almost non-representational terms. Like the brilliantly coloured shapes and structures of Bruce McLean's dazzling setting, which create a powerfully direct yet reverberant theatre for the action, Page's movement reduces narrative to an essence, lively, classically inventive, revealing. It is the most sophisticated of folk-worlds, but oddly innocent nonetheless, and performed with tremendous brio by its cast – Paul Old catching every least nuance of expression as the Soldier, Steven Brett as the Devil pouncing on the music, and Amanda Britton all clarity as the Princess. *Soldat* is a fine achievement by Ashley Page and his collaborators.

The closing *Strong Language* is Alston's response to contrasting moods in John-Marc Gowans' electronic score. A passionate lyricism and a disco-beat, gentle lines and ebullient steppings, meet here in vivid contrasts. I think the score overstays its welcome, but the Rambert dancers' skill everywhere holds our attention.

Clement Crisp

Amanda Britton and Paul Old in *Soldat*

Restoration

THE PIT

The approach to London's wretched Barbican Centre gets a little more hideous each day. The clowns and buffoons who make up such City planners as found redeployment from the Luftwaffe are pulling down modern eyesores and erecting even bigger ones with an eye to cutting down such as yet unprivatised resources as air, light and sky. All of which makes a curiously apt setting for the RSC revival of Edward Bond's *Restoration*, the first RSC transfer this season from leafy Warwickshire.

Roger Michell's cogent, absorbing production was reviewed by Michael Coveney at the Swan at Stratford last autumn. It brings out the curiously English quality of Bond's angry gavotte for grotesques: a dash of Hogarth, a touch of Ben Jonson, but above all a visionary freedom that takes in the banal besides the sublime, a mixture of passion and simplicity that transcends the rules of mere naturalism and recalls William Blake.

Bond's caricatured 18th century is motivated by self-interest: the new industrialists seek status, the impoverished nobility wealth. A subservient proletariat blindly believes in the paternalistic hierarchy providing the best of all possible worlds, the innocent framed for murder but placidly awaiting the promised reprieve until the rope is round their neck. Murderers strike bargains with their victims' parents when profit rears its head. Expediency rules.

The production is dominated by Simon Russell Beale's villainous Lord Are. At first glance a comically tetchy fop, found draping himself picturesquely against a tree, poetry in hand, to catch the eye of the ironfounder's rich daughter, he makes superb comedy of running his unloved wife through with a rapier over breakfast and pinning it (almost literally) on simple serving-man Bob Hedges. The danger that the manic dandy might be remotely lovable is disposed of in a soaringly malignant climax when the podgy, beaky Mr Beale takes evil as his good; in tha intimacy of The Pit his proximity is actually frightening.

Much of the play is hilariously funny. The action is interspersed with songs of Brecht-like ironic comment, beautifully set by Ilona Sekacz whose music captures the anger, the brooding lyricism and the bitter pity of Bond's lyrics. The players emerge from their characters to sing, except in the case of poor Bob's mother. Her song, with its specific references to the Falklands, strikes a note of personal emotional and particular involvement and jars against the sardonic detachment of the others despite – perhaps because of – the excellent Pip Hinton, whose rendering prompted an unalienated round of applause.

David Fielding's setting of clean, stark white is dazzlingly lit by Rick Fisher, as merciless as the impartial sun that Lord Are worships; a fit background for some fine RSC ensemble playing. Duncan Bell's Bob, starting as Mummerset but soon lapsing into Scottish, makes his pathetic trust in his betters tragic rather than simple. Mark Sproston's filth-caked railer, Patricia Lawrence's bedizened dowager squatting in ragged finery and Jane Cox's mixture of obsequious civility and near-insane rancour as the jailer's wife clocking up every cup of tea, cake and glass of ale for future reckoning as she doles out favours to the condemned, all contribute notable cameos. Only Joe Melia's country parson is miscast. The doyen of fly-boys, Mr Melia confuses the oleaginous casuistry of the cloth with the patter of a Petticoat Lane trader – its equal in insincerity, possibly, but of necessity differing in style. And this vicar gives signs that he doesn't quite understand what he is saying. Otherwise, an engrossing three hours.

Martin Hoyle

Simon Russell Beale as the villainous Lord Are

'Freedom' concept proves a born survivor

IN 1891 six Danish artists founded Den Frie Udstilling – The Free Exhibition – in response to their repeated rejection by the official Copenhagen Salon at Charlottenborg. Their exhibition society proved less a Salon des Refusés 20 years on than a prototype Vienna Secession. Like the Viennese Secessionists (established in 1898) the group appeared to "recognise no difference between high and low art."

Leading lights of the Danish Arts and Crafts movement were among its founding members – Johan Rohde, Vilhelm Hammershoi, Christian Mourier-Pedersen, Harald and Agnes Slott-Moller and J.F. Willumsen (Kroyer joined soon after) – and paintings, sculpture, prints and ceramics were shown side by side.

So immediate was Den Frie's success that the group built its own gallery the following year. That was replaced nine years later by Willumsen's white chipboard structure, more modest but every bit as distinctive as Olbrich's Secession building.

Once accepted as a member, the artist was free to submit what he or she wanted. Neither group imposed any specific style, and both recognised the necessity of forging contacts with international artists. What distinguishes Den Frie from other Secessionist groups is its survival. In two years time Willumsen's gallery will host its centennial show. The society survived because there was no avant-garde to turn into rear-guard.

The character – if not the scale – of Den Frie's early exhibitions is reflected in a delightful exhibition at the Bury Street Gallery in St James's, London, which has pioneered the sale of Danish paintings in London. It presents 20 works of art (no sculpture or ceramics) by artists who exhibited at Den Frie before the First World War.

Subject matter and technique could hardly be more diverse. Beside quiet, classical interiors by Hammershoi are Rohde's view of the Forum, naturalistic Danish landscapes, a bold townscape by L.A. Ring, Harald Slott-Moller's park scene at twilight – indebted to French Academic Classicism – a Symbolist watercolour, and Kristian Zahrtmann's vibrant Woman in a Garden, almost Pre-Raphaelite in its observation of nature and high palette. Edward Weie's comparatively harsh interior is a fascinating early work by one of Denmark's greatest colourists.

The meeting of Golden Age Denmark and French Post-Impressionism provides arguably the most intriguing works on show. In 1887 Christian Mourier-Pedersen travelled to the south of France to recuperate from illness, and met Van Gogh in Arles. The two became companions, painting and supping together for several months. Van Gogh recorded an improvement in the Dane's work, which he initially found "too dry, correct and timid." Two canvases here date from this period. The first is a tranquil twilight landscape, suffused with soft rosy light. The second shows buildings on the edge of Arles under a brilliant blue Provencal sky; the colour is hotter and the composition built up by a weave of impasted brushstrokes.

Van Gogh's gauntlet was never picked up by the Danes. Mourier-Pedersen reverted to painting traditional Danish interiors on his return home. When Den Frie organised a Van Gogh and Gaugin exhibition in 1893, not one of Van Gogh's works was sold, even with price tags of 500-600 Kroner (around £30).

Dutch painting was important to Hammershoi. His contemplative, light-filled interiors are out of De Hooch and Vermeer, albeit via Whistler. Despite international acclaim, Hammershoi was not a success at home. His four canvases steal this show. Dominating the gallery is a large, enigmatic canvas of a large, empty room; its austerity relieved only by the meandering of the Rococo plasterwork. A hint of drama is provided by an open door. Once again, the artist is playing tricks with light and perspective.

More Whistlerian in its daring composition and cropping is the extraordinary view of the interior of the house he and his wife rented in Brunswick Square in 1912. He paints the three sash windows as a frieze dissected by its broad plaster piers. The drab London light is captured as accurately as clear Copenhagen mornings. His grey-green pea tones are iridescent. Light is his true subject. Hammershoi liked the canvas so much he hung it in his bedroom – I wish I could do the same. The exhibition continues until April 14.

Susan Moore

Detail from Woman in a Garden, by Kristian Zahrtmann

York Piano Trio

WIGMORE HALL

This is only the Trio's second season, though its members are experienced young performers. Some unevenness in their concert on Wednesday was neither surprising nor culpable; much more interesting were present achievements and, still more, the potential strengths of the team.

In Beethoven's "Ghost" Trio, op. 70 no.1, what was in any case a highly dramatic reading – taut, springing outer movements, and a Largo (the "ghost" movement) of positively Gothic heights and depths – was enhanced by the pianist John York's ability to play even dense chordal material at a lucid pianissimo when needed. The strings in a piano trio are rarely so fortunate; furthermore, York's parsimony with the pedal everywhere allowed the string-tone to stand out unblotted. In effect, this performance claimed some of the principal virtues of period-instrument Beethoven. A modern asset, however, was the sheer size of the string sound, capable of striking through any but the most unbridled roars from the piano.

There were a few of those in Shostakovich's fierce E minor trio, which was often exciting and often under-controlled (sometimes at the same time): skittish rhythmic impulses lost both the Largo passacaglia and, especially, the grim finale a degree or two of their full gravity. At the outset the cellist Andrew Fuller, eloquent in all the right places – he is much the most lyrical player of the team – did not risk the keening legato that his eerie, almost supersonic part really wants, but he slipped three or our times anyway. (It is among the most treacherous challenges in the repertoire.) The proportions of the whole piece, and its desolate feeling, were nonetheless justly rendered.

In Dvořák's F minor trio op. 65, the pleasure of hearing its repetitions, sequences and busy passage-work made briskly articulate, instead of melting into a warm soup, was somewhat compromised by an excess of hard, dry fortissimo from the piano. There was a continuous string of bright little events, not much sense of an overall, movement-by-movement ground plan – something that has to be firmly marked when Dvořák is unstoppably loquacious, as he is here. The comfortable buoyancy that must carry it all is not to be achieved quickly (unless by well-attuned Czechs); it is that level of judicious sympathy that one will hope for as this extremely promising trio develops.

David Murray

Richter

BARBICAN HALL

The second of Sviatoslav Richter's public concerts in his London visit changed works en route. The fascinating programme of 20th-century miniatures originally announced – Stravinsky, Shostakovich, Webern, Hindemith – was given at a private concert in the National Gallery last week, and in its place at the Barbican Richter played three sonatas by Mozart and a selection of Chopin studies.

It was a strange evening, at first magical and inspirational, and later uneasy. The turning point was a moment early in the sequence of studies: Richter had played the first group of four from Op.10 quite wonderfully, lending marvellous articulacy to the left-hand figures in the A minor beneath seamlessly purled lines in the right, and shaping the melody of the E major to a climax of special eloquence.

He left the platform at that point, and returned clearly unsettled. The E flat minor Study had a false start, and his playing never quite kindled the same fire again, for all its memorable effects in the C minor piece from Op.10 and in the group of four from Op.25, which ended with a severe, magisterial presentation of the A minor "Winter Wind" study. Then after the briefest of returns to acknowledge the ovation Richter was gone, without encores.

Whatever disturbed him had not been allowed to trouble his Mozart playing before the interval. Each of the sonatas conjured different shades. Most striking were the harrowing chromaticisms of the A minor K.310: the loading of the first movement given extra impress by repeating both halves, the slow movement sculpted in unadorned paragraphs – what elemental power Richter can impart to the most unguarded phrases through tone colour alone! – the finale fined down to a ghostly presence. The unassuming E flat Sonata K.282 became under the influence of this intelligence a quilt of subtly moderated tempi, each carrying a distinct expressive thread, and the dangers of such an explicitly emotional approach were avoided by an attention to musical grammar that was unfailingly Classical.

It was left to the little C major sonata K.545 to bring out the limpid purity of Richter's playing, the kind of clean-limbed, perfectly weighted articulacy which characterises his recordings of Bach. The darker shades were present – the first movement's terse development had its quota of threatening *sforzandi* – and even the clattering canonic entries of the finale carried a measure of friction. However much one wished that other composers had been represented in Richter's concert here – to Max Loppert's earlier plea for a London performance of the Schumann Fantasy, I would add one for Richter's unparalleled account of Musorgsky's *Pictures* and some Debussy – these demonstrations of a unique pianistic genius will remain in the memory for a very long time.

Andrew Clements

ARTS GUIDE

March 31-April 6

MUSIC

London

Royal Philharmonic Orchestra, conducted by Sir Charles Groves, with Janina Fialkowska (piano). Handel, Grieg, Delius, and Mendelssohn. (Sun) Royal Festival Hall (928 8800).

London Symphony Orchestra, conducted by Rafael Frühbeck de Burgos, with Igor Oistrakh. Brahms, Beethoven. Barbican Hall. (638 8891).

Philharmonia, conducted by Andrew Davis, with Silvia Marcovici (violin). Boulez, Bax, Barber, Powers, Ravel. (Mon) Royal Festival Hall (928 8800).

London Philharmonic, with the London Philharmonic Choir, conducted by Simon Rattle, with Arleen Auger (soprano). Haydn. (Tue) Royal Festival Hall (928 8800).

London Symphony Orchestra, conducted by Rafael Frühbeck de Burgos, with Igor Oistrakh (violin). Tchaikovsky, Bartók. (Thur) Barbican Hall (638 8891).

Paris

Susan Dunn (soprano) with John Wustman (piano). Théâtre de l'Athénée (Mon) (47426727).

Ensemble Mosaiques conducted by Christophe Coin, Patrick Cohen, (piano). Mozart. (Mon) Théâtre des Champs Elysées (47208637).

Quatuor Chilingirian. Schubert, Castérède (8.15 pm) D deWillencourt. (cello). Anne Queffelec (piano). Lekeu, Debussy, Caplet, Fauré. (Tue) Radio France, Grand Auditorium (42301516).

Orchestre de Paris conducted by Daniel Barenboim, Alfred Brendel (piano). Beethoven. (Wed, Thur) Salle Pleyel (45630796).

Vienna

Radio Sinfonie Orchester Kattowitz, conducted by Krzysztof Penderecki. Penderecki, Shostakovich. (Sat) Konzerthaus.

Wiener Kammerorchester, conducted by Wolfgang Schulz. Eder, Haydn, Cimarosa, Bach, Mercadante. (Sat, Sun) Konzerthaus.

Clemencic Consort, conducted by Rene Clemencic. Miscellaneous Baroque. (Mon) Musikverein.

Wiener String Quartet. Schubert, Berg, Beethoven. Palais Clam Gallas (Tue, Thurs).

Kuchl Quartett. Webern, Schoenberg, Haydn. Musikverein. (Wed).

Haydn Trio. Vranitzky, Janacek, Dvorak. Konzerthaus (Thurs).

Frankfurt

Frankfurt Radio Orchestra conducted by Dmitri Kitajenko and soloists Marie-Luise Neunecker, Robert Tear, Britten and Shostakovitch. Alte Oper (Thurs).

Berlin

Berlin Philharmonic Orchestra under Bernard Haitink. Mahler. Philharmonie (Thurs).

New York

Eugenia Zukerman flute recital with Anthony Newman (piano). Vivaldi, Corelli, Geminiani. New York Public Library (Mon).

New York Philharmonic conducted by Klaus Tennstedt with Benita Valente (soprano). Schubert, Mahler. Avery Fisher Hall (Tue) (874 6770).

Marilyn Horne mezzo-soprano recital with Martin Katz (piano). Haydn, Schubert, Nin, Turina, Granados, Obradors, Viardot, Dvorak. Carnegie Hall (Wed) (247 7800).

Juilliard Orchestra conducted by Otto-Werner Mueller. Jan Radzynski (World Premiere), Prokofiev, Tchaikovsky. Avery Fisher Hall (Wed) (874 6770).

Indianapolis Symphony Orchestra conducted by Raymond Leppard with Marianne Rohrholm (mezzo-soprano). Elgar, Chausson, Beethoven, Canteloube. Carnegie Hall (Thur) (247 7800).

New York Philharmonic conducted by Klaus Tennstedt with the New York Choral Artists directed by Joseph Flummerfelt. Haydn. Avery Fisher Hall (Thur) (874 6770).

Concert Royal conducted by James Richman. Couperin, Rebel, Mozart, Balbastre, Devienne. Merkin Hall (Thur) (362 8719).

Washington

National Symphony Orchestra conducted by Pinchas Zukerman with William Steck (violin). Stravinsky, Mozart, Neikrug, Haydn. Kennedy Center Concert Hall (Tue) (254 3776).

National Symphony Orchestra conducted by Pinchas Zukerman. Mozart, Vivaldi. Kennedy Center Concert Hall (Thur) (254 3776).

Chicago

Chicago Symphony String Quartet. Reiner, Ravel, Borodin. Orchestra Hall (Wed) (435 6012).

Chicago Symphony Orchestra conducted by Michael Tilson Thomas with Dale Clevenger (horn). Mozart, Beethoven, Berlioz. Orchestra Hall (Thur) (435 6012).

Tokyo

Prazak String Quartet. Mozart, Janacek, Ravel. Tokyo Bunka Kaikan, Recital Hall (Mon) (235 1661).

Staatskapelle Dresden, conducted by Hiroshi Wakasugi, with Edith Mathis (soprano). Mozart, Mahler (Mon), Strauss, Brahms (Wed) Suntory Hall (289 9999).

New Japan Philharmonic Orchestra, conducted by Takashi Asahina. Beethoven. Suntory Hall (Thurs) (499 1531).

SALEROOM

No bids for fine violin

Sotheby's had a setback yesterday when a violin made in Cremona in 1742 by Joseph Guarneri del Gesu, who is rated by the knowledgeable as the superior to Stradivarius as a violin maker, failed to find a buyer. The Ex Henry Holst, so named after a previous owner who acquired the Guarneri while a teacher at the Royal College of Music in London, was expected to sell for up to £600,000 (which would have made it the most costly violin at auction), but there was no bidding in the room at all. This is probably because the varnish on the back is unattractive, which detracted from the beauty of its sound.

An autograph letter, one of 13, plus a violin, by the 19th century French maker Jean Baptiste Vuillaume sold for £28,600, below estimate, to a Japanese buyer. In it Vuillaume writes: "I make beautiful and fine things that are very sought after, and in fact I will make instruments until the last day of my life. One does not easily abandon work so purely artistic as to provide the greatest joy . . ."

All told the auction of musical instruments brought in £745,701, with 34 per cent unsold. The top price was the £90,200 paid for a violin made by Giovann Battista Guadganini in Piacenza in 1747. This too was at the bottom of its estimate, showing what a small and selective market musical instruments is.

Antony Thorncroft

MacMillan ballet premiere

Sir Kenneth MacMillan's *Prince of the Pagodas* will finally be premiered by the Royal Ballet in December of this year, writes David Churchill. The premier had originally been scheduled for this spring but was delayed by Sir Kenneth's illness last summer. The new work will be part of a season of MacMillan ballets in December to celebrate Sir Kenneth's 60th birthday. Among the revivals will be his productions of *Gloria*, *Requiem*, and *Song of the Earth*.

The Royal Ballet's plans for next season, announced yesterday, include a collaboration with the Royal Opera on a new production of *Prince Igor*, the first such collaboration involving the full company for over 40 years. Prices for the ballet at Covent Garden next season will rise by an average of 14 per cent, the Royal Opera House announced yesterday.

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An African blueprint

MRS MARGARET THATCHER has been stamping her mark on southern Africa this week and the imprint is clear. The British version of constructive engagement, which first involves mopping up outstanding regional disputes and later concentrating on the internal affairs of South Africa itself, is being pursued with vigour. The Prime Minister's strategy reaffirms her opposition to sanctions against South Africa, argues that contact with the Pretoria government is more productive than isolating it, sees hopeful developments within South Africa itself and raises the possibility of greater co-operation between the West and the Soviet Union in tackling the problems of the region.

Tomorrow, she could well give a striking demonstration of her belief that fundamental changes are under way throughout the region. Mrs Thatcher is considering stopping in the Namibian capital of Windhoek on her return to London on the day the territory starts its transition from South African control to independence elections monitored by the United Nations.

It would be a dramatic gesture, serving to underline the changing regional realities which make up part of Mrs Thatcher's case. Economic and demographic factors are taking their toll of apartheid, as the negative market reaction to the latest South African budget demonstrates. The outcome of the leadership dispute in South Africa between President P.W. Botha and Mr F.W. de Klerk could revive the stalled process of reform, though this is not a foregone conclusion. Moreover, there is no doubt that Moscow is urging the African National Congress to reassess its military strategy.

Acid tests

Yet three acid tests need to be applied to the Prime Minister's vision of a new and hopeful era in the region, based, in part, on her belief that Pretoria is now prepared to live at peace with its neighbours. These are the release of Mr Nelson Mandela, the ANC leader, essential for the success of any political reform process in South Africa, the end of the conflict in Mozambique, and respect, above all by South Africa, of the agreed terms of the Namibian settlement.

Despite the non-aggression pact signed with Mozambique in 1984, Pretoria has failed to end its support to the Renamo rebels – or at least has turned a blind eye to assistance privately channelled through South Africa. The Mozambique government's failure to win the war may be explained partly by the fact that its army is inadequate, but that surely is only part of the story.

Treaty obligations

Mrs Thatcher herself, in visiting a British-trained Mozambican troop base this week, again denounced Renamo as "terrorists." Yet her government has not made the necessary commensurate demand that Pretoria fulfil its treaty obligations and has gone no further, so far, than making oblique references to this desirability.

The complexities of Namibia are very different, but the fundamental issue – South Africa's real intentions – is the same. Much can go wrong in the territory's highly charged atmosphere, as South Africa withdraws its troops but retains a powerful influence through the local police force and an administration which, for the most part, treats the prospect of a victory by Mr Sam Nujoma's South West Africa Peoples Organisation with misgiving, if not outright hostility.

The presence of a United Nations monitoring force of soldiers and police can help ensure fair elections, but there is still scope for abuse by the contestants South Africa favours. The Prime Minister's presence in Namibia would be intended as a signal to South Africa that she wants to see fair play. It should also serve as a reminder that, if Pretoria wants to ensure that Mrs Thatcher continues to play a moderating and constructive role in the region, it must respect its international engagements. If South Africa fails to do so, then this week's call by President Robert Mugabe of Zimbabwe for mandatory sanctions against South Africa would command wider support.

The cure for congestion

BRITAIN'S transport infrastructure – or rather the lack of it – is becoming a steadily more sensitive political issue. A problem on the roads might perhaps be excusable. But the congestion enveloping London and the south east is pervasive: it is common to all modes of transport – air, rail, road and the Underground.

The quality of many people's lives is undoubtedly being impaired by the delays and overcrowding. But estimates of the economic burden placed on industry are rare. This week the Confederation of British Industry entered the fray, claiming that the total costs were about £15bn a year, or more than four times the usual quoted figure. Two thirds of the costs are borne by companies operating in London and the south east.

The accuracy of the CBI estimate is hard to judge. But it is based on a survey of members which indicates delivery, service and sales costs are 20 per cent higher in London and the south east than elsewhere. Several concrete examples are given. Sainsbury, for example, makes 50 to 60 per cent of its deliveries before 7.30 in the morning, even so delays and lower traffic speeds are reckoned to add £3.4m a year to its annual costs. Marks and Spencer puts a £2m price tag on its congestion costs. British Telecom claims that an improvement in road speeds in the capital area of just 1.4 mph would cut its costs by £7.25m a year.

Alarm bells

These are big numbers. Yet small companies are thought to face even bigger proportionate costs as a result of congestion. The CBI analysis ought to set alarm bells ringing in Whitehall. The thrust of government policy for a decade has been to create the conditions in which entrepreneurship can flourish.

Lord Young and other ministers have been leading campaigns to cut red tape and reduce the unnecessary constraints imposed by the public sector. Yet *if the CBI is correct*, such efforts have been in vain. The savings achieved by the efficiency units have been more than offset by the creeping paralysis of business caused by the failure to invest in transport infrastructure.

If congestion costs are high in London and the south east, should not businesses move to less crowded parts of the country? This congestion-as-regional policy argument is defeatist at the best of times. The goal of regional policy should surely be to make less attractive regions more attractive rather than to enforce migration by allowing infrastructure to deteriorate in prosperous areas. In any case, this argument overlooks the fact that, with the construction of the Channel Tunnel, London and the south east will increasingly act as a conduit for trade with continental Europe. The costs of congestion in the south east will be borne by companies, *wherever* they are located in the UK.

Primitive network

Britain already suffers worse road congestion than other large European countries. The rail network is primitive (large sections are yet to be electrified) and incompatible with that in use throughout continental Europe. The south east seems likely to run out of runway capacity within a decade or so.

The CBI is right to worry that these and other shortcomings could place British businesses at a significant competitive disadvantage in an increasingly unified European market. But it is wrong to argue that the Government should therefore offer companies 100 per cent tax incentives for investment in transport infrastructure. The tax system is already distorted and further *ad hoc* concessions could only make the playing field still more uneven.

Business leaders' calls for greater co-ordination of transport planning, however, are fully justified. It cannot make sense for 33 local highway authorities to share responsibility for 90 per cent of Greater London's roads. Nor are internal divisions within the Transport Department helpful; roads and rail should not be separate empires communicating only at *deputy secretary level*. But no amount of organisational rejigging can obscure the fact that efficient transport systems cost money. The economies of the past decade are beginning to look expensive.

Peter Bruce looks behind the Spanish Government's flotation of Repsol

Selling Spain's oil company to the world

The Spanish love a gamble, but the country has never tried anything quite as ambitious as the part-privatisation of its biggest company, Repsol, the state-owned oil conglomerate.

The flotation of some 20 per cent of Repsol – *in Madrid and New York* with private placements in Europe and Tokyo – is expected to raise up to $1bn and to launch one of Spain's last large protected industries into the European Community's liberalised single market after 1992.

Repsol was created amidst overwhelming publicity two years ago and the flotation has become a test of the Spanish Government's ability to imitate Mrs Margaret Thatcher's popular capitalism in Britain. The sale has been planned with meticulous care. Ever since the Government recognised in the early 1980s that EC membership would mean opening up Europe's fifth largest and fastest growing oil and fuels market, a ponderous effort has been made to find ways to meet the absolute minimum requirements of EC free competition and protect Repsol's commanding position.

The pieces are now in place. In 1984 the Government passed legislation reorganising the petroleum industry and the following year fixed tiny quotas under which foreign companies could import products into Spain until the beginning of 1992. Today, a pathfinder prospectus will name a broad price range for a stake in the Repsol bonanza. On April 20, the sale of shares, at a final, fixed, price begins with trading starting around May 11. Repsol's advisers and underwriters should have little to worry about.

Repsol's history begins in 1981 when the energy operations of the big state industrial holding company, the Instituto Nacional de Industria, were hived off to form the Instituto Nacional de Hidrocarburos (INH).

Under the 1984 reorganisation, control of Campsa, which until then had merely administered the country's petroleum distribution monopoly, was also transferred to the INH. Campsa, founded in 1927, is the only company authorised to distribute oil products in Spain and in 1984 was given actual ownership of the monopoly. It now owns all of Spain's 2,000 km pipeline network, more than 2,000 road tankers, more than 1,000 rail tankers, and a 30 vessel ocean-going fleet.

In early 1985, a young Harvard and MIT graduate, Oscar Fanjul, was appointed president of the INH. Fanjul, now 40, is close to Spain's socialist Prime Minister, Mr Felipe Gonzalez, and helped negotiate the country's entry to the EC.

A few months later the Government tampered with Campsa again – dividing ownership of the monopoly among local refiners according to their refining capacity. This still left the INH well in control with 56.67 per cent of Campsa. The biggest private sector refiner, Cepsa, has 14.64 per cent; its smaller rival, Petromed, has 7.51 per cent; Union Explosivos Rio Tinto (known as ERT) owns 5.7 per cent and Petronor, a Basque based-refiner part-owned by the INH and the Mexican production company, Pemex, has 13 per cent.

Spanish refiners were still obliged to sell all their output to Campsa. Both foreign and local groups were, from January 1986, allowed to import *a little into Spain provided they con*tinued to sell through Campsa. But Spanish companies were taking more than half the imported products, with foreign competitors still having great difficulty entering the market.

In 1987, Fanjul launched Repsol, of which he is now chairman. This incorporates almost all the INH subsidiaries – the exploration groups Hispanoil and Eniepsa, tha refiner Empetrol, and Butano, the world's biggest butane distributor – and the great bid for a weighty Spanish presence among the world's oil multinationals began.

According to Research Associates, a Madrid analyst, Repsol goes into its part-privatisation as the world's 19th *and Europe's seventh largest oil company*, with 1988 sales of $8bn and net profits of $468m. Mr Joaquin Tamames of Research Associates believes Repsol and its advisers will price the shares between Pta 1,600 (£8) and Pta 1,870 in today's pathfinder. These prices are probably conservative given the strong balance sheet, but "Repsol is extremely concerned with the after-placing share evolution," he says.

Asesores Bursatiles, a Madrid broker, says in a recent report that it expects the final price to value the company between Pta 450bn (£2.26bn) and Pta 500bn, with the flotation raising up to Pta 100bn. It forecasts consolidated net profits of Pta 71.9bn (£360m) this year, nearly four times the Pta 20.2bn reported in 1986.

The flotation has become a test of the Spanish Government's ability to imitate Mrs Thatcher's popular capitalism

The company has a vice-like grip on most of its markets, so that such growth is unsurprising. Petrol deliveries in Spain rose nearly 8 per cent last year, far higher than the rest of Europe and all the forecasts are for similarly strong growth in the medium term.

The average Spanish petrol station pumps out some 3.4m litres a year, nearly twice the nearest European rival, West Germany, with 1.9m litres. The reason is that, because of tight government restrictions, there are only 3,500 stations in the entire country, compared with, for example, more than 20,000 to the UK.

Under EC pressure, the Spanish have agreed to halve the minimum distance permitted between service stations. But the restrictions and the bureaucracy favour existing players, and make it extremely expensive for local and foreign refiners to build up *their own networks*.

But that is how it is meant to be. Multinationals with finely honed marketing skills could do the inexperienced Spanish great damage if they were given a free reign. Repsol and the Government have made sure that even after 1992, they will still control more than 70 per cent of the local petroleum markets. Campsa is the key.

Repsol, having taken control of Petronor this year, now owns 70 per cent of Campsa. Today, all Spanish refiners and foreign importers have to sell through Campsa's distribution network. And Campsa's position is so strong that even after the import quotas end in 1992, foreign companies try*ing to get into the market* will be beholden to it.

Under the post-1992 regime, all local refinery output will still have to be sold to Campsa. Foreign and local companies could import but establishing their own distribution networks would be prohibitively expensive. Campsa will still offer the only viable distribution network.

Meanwhile, Campsa is expanding its service station network to take early advantage of the reduced minimum distances between stations. Of the existing 3,500 selling points, Campsa owns about 1,200 and brands most of the others, which are run by small private concessionaires. Campsa is now trying to buy these out – or where there is resistance, to force them out – in order to have 2,000 stations of its own by 1992.

Besides controlling Campsa, Repsol's other big advantage lies with its butane distributor, Repsol Butano. Spain is Europe's largest consumer of butane, a by-product of oil production and refining, and Repsol Butano controls 100 per cent of the market – more than 13m captive customers who use it mainly for cooking at very low prices. Many multinationals and local refiners sell their butane to Repsol because it would cost too much to dispose of in any other way.

But Repsol does have serious weaknesses. It does very little downstream business outside of Spain and its recent attempts to buy sources of crude oil supply, particularly in the North Sea, have been decidedly unglamorous.

Repsol wants to own 40 per cent of its crude supply but has stuck at about 30 per cent with reserves in *Colombia, Indonesia, Dubia, Gabon* and Egypt and small stakes in the North Sea.

It lost out last year when it offered $276m to buy Texas Eastern's 20 per cent stake in the big Beryl field. At the last moment Enterprise Oil, a partner in the field, exercised a first option and took the prize away. Earlier this year Repsol also tried and failed to buy Thomson North Sea. This month *long-running talks over a* proposal under which Pemex (which controls Mexico's crude output) would have taken 10 per cent of Repsol collapsed. The company has not given up the search, but it now also needs to spend money getting into retail markets elsewhere in the Community.

There is a chance here for foreign companies trying to get into Spain. So far only BP has managed to do this in any significant way, by forming a joint venture – BPMed – with Repsol's rival Petromed, with which it plans to open a small network of service stations. BP may buy a small stake in Petromed, which could guarantee it access to Campsa's pipelines at a not too outrageous price.

Analysts like Mr Tamames believe the Spanish will look kindly on multinationals from countries that allow *Repsol access to their own markets*. After 1991, when import quotas go, Repsol/Campsa will have the right to decide who uses their pipelines. Probably, access would be open to foreigners "introduced" by Repsol and Campsa's other shareholders. Current rumour, for instance, has Shell forming soma sort of partnership with Cepsa.

"The Spanish have just been playing *for time*," *says an analyst*, "and the multinationals are certain to come." One way in, of course, would be to buy the parts of Repsol available on the market – about a third of the flotation will be done in New York – and wait for the explosion from Madrid.

That prospect, more than anything, has bothered analysts in the run up to the flotation. Will the Government meddle with Repsol? The answers, despite Oscar Fanjul's determination that it will not, are still uncomfortable. When Madrid wanted a new chief for the state television service earlier this year it simply appointed the head of the phone company Telefonica, also part privatised and quoted around the world, and did not replace him for nearly two weeks.

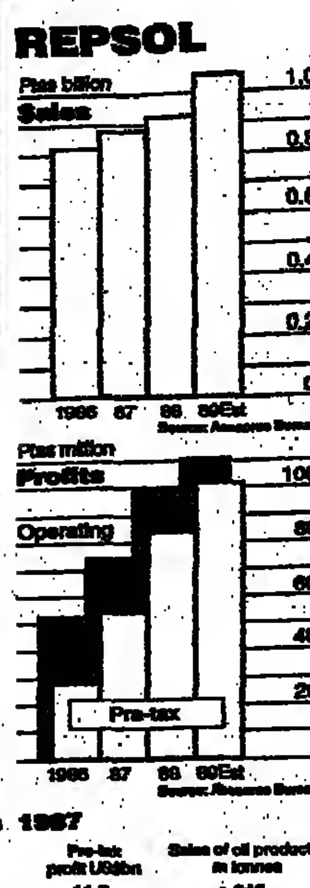
Even scarier is the possible role of the Industry Ministry, which remains a chummy, protectionist backwater as yet untouched by the modernity infecting, for instance, the Finance Ministry. A perfect example of its capacity for mischief-making came to light last month when someone began leaking stories to the press that the Government had revived an old desire to merge Cepsa and Petromed. They are controlled by two banks, Banco *Central and Banesto, which* were attempting their own merger.

Petromed, the more efficient company, wanted to plough its own furrow with BP. But the rumours persisted until, just before the bank merger failed, it emerged that the senior bureaucrat in the energy department of the Ministry had been hired by Banco Central with a view to running a "merged" Cepsa and Petromed. *When the bank merger* failed, the Cepsa Petromed invention did too.

Neither the Government, nor Repsol, can afford to allow the oil industry to remain a club. Multinationals – admittedly fierce in defending their own home turf when it is necessary – will be quick to cry foul to the European Commission in Brussels. As it is, Spain's leap into an open oil market has not been an object lesson in clarity and enthusiasm.

But that, for the moment, is a problem for the competition. By most cruteria, the Repsol flotation should be a great success. The group goes to the markets for the first time wearing the thickest financial and legislative armour any shareholder could possibly wish for. And, they ask in Madrid, why not?

Chairman & chief executive: Oscar Fanjul, 40



- Spain's largest, world's 19th largest and Europe's 7th largest oil company
- Refines more than half Spanish processed crude, distributes nearly all domestically consumed liquified petroleum gas & (through Campsa) distributes about 3/5 of Spanish oil products.
- Recent acquisitions of reserves, through Repsol Exploration, in Colombia, Indonesia, Dubai, Gabon & Egypt. In the North Sea, small stakes in the Magnus & Forties fields and 25% of the Forth field.
- Earnings expected to grow by about 29% in 1989 and about 16% in 1990.

European competitors 1987

	Sales US$bn	Pre-tax profit US$bn	Sales of oil products m tonnes
Shell	112.8	11.3	245
BP	52.0	4.5	131
ENI	26.1	0.8	33
Elf	24.8	1.6	25
Total	16.4	1.4	45
Petrofina	12.9	0.6	31
Statoil	9.0	1.3	6
REPSOL	8.5	0.6	23
Veba Oel	8.8	0.1	16
Neste Oy	7.1	0.3	9
OMV	3.1	0.5	8

OBSERVER

The oil bug in Surrey

■ Tension is rising in the Surrey village of Mickleham following the discovery of oil and the increasing probability that the Department of Environment will allow exploitation to go ahead.

By all normal standards Mickleham would count as one of England's beauty spots. It lies at the foot of Box Hill and is midway between Dorking and Leatherhead: a bit stock-brokerish perhaps, but still one of the jewels of the home counties.

When the oil was first discovered, no-one took much notice. Britain's growing balance of payments deficit, however, has led a number of government departments to believe that on-shore oil must be exploited almost wherever it is found.

Some local inhabitants may also have defected to the development lobby and are preparing to buy shares in an incipient company called Mickleham Oil (MOC Oil). "It's becoming more than a bit like Dallas," one of their opponents said yesterday.

Appeals to Nicholas Ridley, the Environment Secretary, are continuing and it is noted that a number of senior MPs and Ministers have their seats in the area: Sir Geoffrey Howe, the Foreign Secretary, and David Howell, a former Energy Secretary, for examples. This is the sort of territory that could swing to Paddy Ashdown's Social and Liberal Democrats overnight.

The conservationists, however, may have produced a trump card which means that they will not have to rely entirely on the environmental arguments. A document has been discovered strongly suggesting that in the 17th century Mickleham was briefly an independent Dukedom. The Duchy was conferred on an illegitimate child of Charles II in 1661; although it has not been taken up since, the title is still extant.

Frantic legal work is going on to find who, if anyone, has a claim. Yet, given the law's delays, there are some fears that the oil company may be allowed to start drilling while the courts are still haggling. Thus there is some talk of a unilateral declaration of independence.

Peter Fenton, a local inhabitant who normally spends his time selling Jacuzzis and swimming pools to the gin-and-tonic belt, says that he has spent the entire last three weeks trying to ensure that the independence movement does not get out of hand.

But the police are now watching closely: there have been some sabotage attempts on the preliminary oil installations and the army is thought to be keeping a watching brief *by helicopter*. Events, Fenton warns, could come to a head tomorrow.

"I've been demoted to squad car duty."

Money in art

■ Art & Accounting sound like a contradiction. Not so. Basil Yamey, formerly a professor of economics at LSE and with a past record of service with the Monopolies and Mergers Commission, has produced a book of that name. The starting point is that account books figure in an extraordinarily large number of paintings, and not only by Titian and Rembrandt.

If you think about that for a second, you will realise how *true it is. Yamey does not* reach any particular conclusion, but has produced a beautifully illustrated book with lots of instructive text. It is published by Yale University Press at £30. No doubt all good accountants will buy it.

Unit Trust man

■ John Fairbairn, deputy chairman of the M & G Group, takes over as chairman of the Unit Trust Association after the industry has come through a hectic period coping with the implementation of the Financial Services Act and preparing the way for unit trusts operating in a single European financial market.

That does not mean that he will have nothing to do, compared to his predecessor, Bill Stuttaford. Fairbairn's two year stint, starting next month, will be a period when, he says, a lot of things will be coming together.

In Europe, the Association wants to ensure that UK man*agement groups do not find* themselves frustrated by local attitudes when trying to operate in a single market. At home, Fairbairn's top priority is for the Association to take advantage of the fresh attitude brought by David Walker to the financial services supervisory framework and try and simplify the rules. He also wants to reduce the overlap between the regulatory bodies, although as a deputy chairman of one of the bodies – Lautro – Fairbairn has to accept *some responsibility* for the present situation.

He has the right antecedents. His uncle, Ian Fairbairn, who headed the M & G Group from 1934, negotiated the original regulatory framework for the emerging unit trust industry with the old Board of Trade – a system that lasted for 50 years until overtaken by the *financial services regulations*.

Above all, Fairbairn has to ensure that the Association represents the interests of its members and that the adverse mutterings over the past year do not turn to a full scale revolt. He expects to spend one or two days a week on association matters; he may *find himself putting in rather* more.

Richter's wrath

■ The abrupt departure of the Soviet pianist, Sviatoslav Richter, at the end of his Barbican recital on Wednesday evening left the Barbican administration perplexed.

The explanation was that *the recital was being filmed*, and the great man is not only notoriously camera-shy but pernickety to a fault about the auditorium lighting for all his recitals. He had not been told about the filming, apparently because it was feared he would cancel the appearance.

Richter discovered the plan in the course of his performance and reacted accordingly. At any rate, that seems the most likely explanation for his behaviour, and for the tense atmosphere in which *his first visit* to London for more than ten years came to an end.

Hot stuff

■ At London's Howard Hotel, the going rate for two cups of decaffeinated coffee in the lobby is £5 – for a bowl of instant coffee granules and a jug of hot water.

POLITICS TODAY

Striking a false note in South Africa

By Joe Rogaly

Mrs Margaret Thatcher may be deluding herself. Britain has never won an argument with the Boers. During this century it has tried war, some sanctions, the despatch of eminent persons and even a visit by Sir Geoffrey Howe; all to no avail. The Afrikaners run the show, in their own inimitable way.

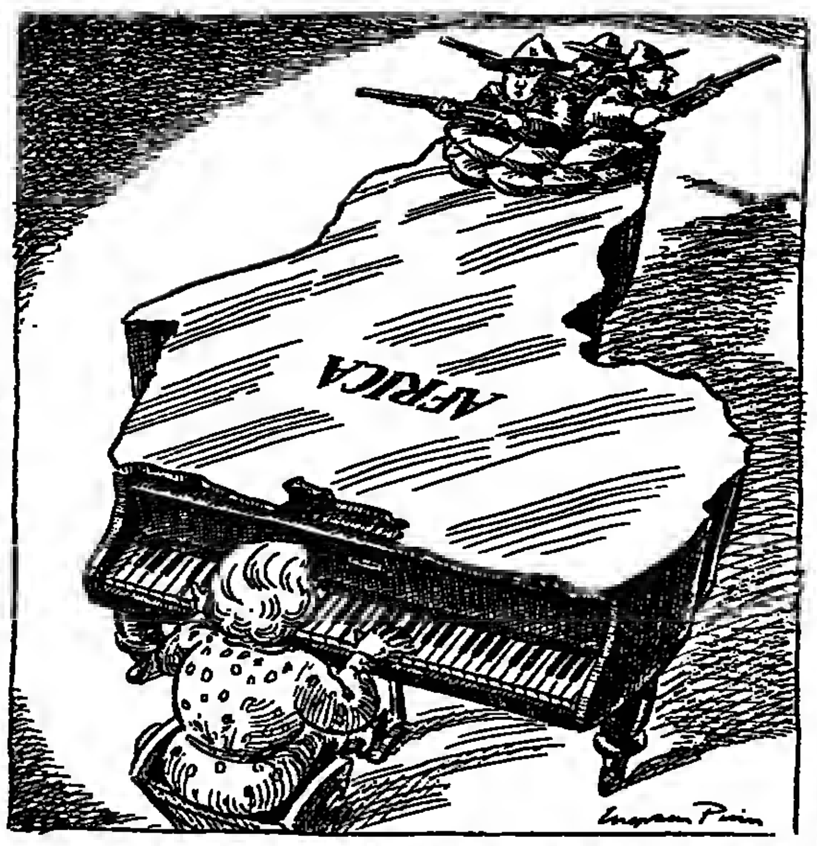
The Prime Minister, supremely confident, now believes that she can do better. "I think we shall get rid of apartheid without sanctions and without destroying the economy of South Africa and I hope the day may not be long distant," she said at a dinner in Harare on Wednesday night. Her host, President Robert Mugabe, was sceptical. "The political situation in South Africa shows no signs of improving," he said.

Mrs Thatcher remains starry-eyed. She has apparently received a warm personal welcome in Zimbabwe, whose constitution was settled as one of the first acts of her first administration, back in 1979. She has come down firmly on the side of the Mozambique Government against the South African-backed Renamo "terrorists" (her word), and set her sights on bringing that particular bush war to an end. We sceptics will wait for the armistice day parade before cheering. She is about to despatch a Foreign Office minister, Mrs Lynda Chalker, to see what can be done to settle the bush war in Angola. (Mrs Chalker should do well. She is good at her job.)

To top it all the Prime Minister will proclaim loudly this week-end that the forthcoming withdrawal of South Africa from Namibia is conclusive evidence that patient negotiation can bring results. Mr Mugabe doubts that the South Africans will stick to their side of the bargain, which is to remove their troops, desist from interfering in what should be a free election, and accept the raising of the flag of independence under a black nationalist government. It is conceivable that he will turn out to be wrong and Mrs Thatcher right. That would not, however, be the result of patient negotiation alone: the Soviet/American-led talks that resulted in the Namibia deal came at the end of a long and costly war.

Those talks were facilitated by Britain. This is not surprising. The Foreign Office's contacts in parts of southern Africa exceed those of the Americans. The theory now is that a Soviet-British initiative will lead the way towards the ending of apartheid in South Africa, while Washington looks on.

This is possible, but not very likely. It is possible because the Soviet Union is so preoccupied with both its own internal re-organisation and the urgent need for a resumption of dialogue with the US that it is prepared to abandon half a century of investment in black cadres in Southern Africa. It seeks a direct relationship with the South African Government. It has told the African National Congress that it would do better to pursue the path of negotiation than to place its hopes in armed insurrection. Like the Palestinian Liberation Organisation before it, the ANC is being asked by its principal supplier of armaments to abandon visions of a military victory.



One piece therefore falls into place. Imagine. Mrs Thatcher continues her talks with the Russians, already begun in private, when Mr Gorbachev comes to London next week. The Russians put further pressure on the ANC and, when the time is right, its leader, Mr Oliver Tambo, announces a "suspension of the armed struggle." (If this happens, the ANC might split, but that would not necessarily spoil the plot.) The Indian government, which is a heavy player in this particular game, will have to be squared by Mr Gorbachev, but he is supposed to be already well on the way towards achieving that.

Meanwhile, it is assumed, the National Party wins a fresh South African election. Mr F.W. de Klerk succeeds President Botha. Mr de Klerk releases Mr Nelson Mandela and the other black nationalists. The signatures Mandela and Tambo are vital if any eventual deal is to be credible. Immediate question: will the release be unconditional, leaving Mr Mandela free to speak as he wishes to audiences of his choice — or will it be a release into semi-restriction, of the kind imposed on the six ex-detainees who walked into the British Embassy in Pretoria this week in an effort to publicise their case? We must assume that such restrictions will not apply, or, at the very least, that they will have been bargained away in pre-negotiations. It would not be too amazing to discover that much of this has already been talked through by officials on all sides, or even that Mrs Thatcher has herself given the message to Mr Pik Botha, the South African Foreign Minister.

We are now somewhere in early 1990. Mr de Klerk calls a national *indaba* on constitutional reform. He might try to use the framework of the President's national council, a device installed by Mr P.W. Botha. That would hold up proceedings, since the non-whites presently eligible to attend the council are regarded by many non-white South Africans as non-representative.

As the Foreign Office well knows, this view is also held by many moderate blacks. Never mind. The purpose is to bring all existing political parties, plus the black nationalists, to the table. The degree of dilution by paid tribal officials and blacks elected by small numbers of voters in boycotted elections is presumably a matter for negotiation.

Here we must shake our heads. What are we talking about? This hypothetical constitutional conference is a South African affair, to be held in South Africa on the initiative of Mr de Klerk's office. The Republic is a sovereign state. What does Britain have to do with it? It has an interest in a stable South Africa. The reasons are to be found in history, ties of kith and kin, ties of trade and investment, and Britain's place in pan-African politics. Above all, I believe, Mrs Thatcher would like to crown her career by making South Africa safe for capitalism, a republic in which the rule of law and the mechanism of the market act together to overcome all problems.

The question still persists. Why should white South Africans listen? Britain will tell them, as if they didn't know, that the demographics are against them: blacks will outnumber whites by about eight to one by the year 2000. The sweep to black nationalist rule in the rest of Africa continues. With Namibia independent and the coastal civil wars settled, the process will be complete. Inside the Republic, black unrest will be renewed. Private investors will put their money in safer places.

To be fair, Mrs Thatcher does have rather more to offer than such a recitation of the obvious. If the Republic reaches a constitutional settlement, she could escort it back into the comity of Western nations, make it respectable again. She might even convince the US Congress that South Africa had changed its ways. To believe in the Prime Minister's African dream, you have to believe that the Afrikaners will accept such blandishments.

If they do, they might be amenable about the structure of the *indaba*. Even then, the odyssey would barely have begun. For, as Mrs Thatcher is acutely aware, South Africa's army could call a halt to reform if Mr de Klerk failed to establish his authority over its generals before he did anything else.

The same applies to the security services. The large corps of lower-rank white civil servants is thought by British officials to be deeply conservative at heart; Mr de Klerk could have as much trouble pushing reform through their ranks as Mr Gorbachev has had with perestroika. Let us say, however, that these little details are taken care of. We are back to the *indaba*.

Here there is a major philosophical trap. Ever since the National Party came to power in 1948 all talk of black empowerment has been ethnically-based. From Dr Verwoerd through to President Botha, the Afrikaners have sought security for the white tribe by separating the non-white ones from each other. That was the theory behind the Bantustans; it also underlies the Botha constitution, with its separate Coloured and Indian Parliaments. They would be totally out of character not to try for a settlement that divided power according to ethnic origin, even if it allowed for universal suffrage.

Mrs Thatcher could not sell a settlement on such lines. She is said by her advisers to know this, but she has not spelt it out. She has called in public for one person one vote, but specifically stated that this need not necessarily be in a unitary state. That is fine; if the South Africans agree on a federation or a cantonal system there is no good cause for outsiders to quarrel with it.

There is also room for the protection of cultural and linguistic rights, in the sense that in Wales the use of Welsh is permitted. What would not be accepted by most of the outside world would be the use of such code-words as a means of entrenching a divide-the-tribes and rule constitution. That would be apartheid by another name.

The white Nationalists are not fools. They know the difference. The recent draft report on a bill of rights by the South African Law Commission, called for by the Republic's minister of justice, spells it out. "To use such a bill for dishonest ends, for example to ensure domination by one group, will irreparably damage South Africa's name; such a bill could give rise to widespread unrest and even civil war," it says. It argues in favour of an all-races open referendum on a proper bill. The report's whole tone confirms that some Afrikaner nationalists are quite clear about the democratic norms of Western civilisation.

Mrs Thatcher, guided by her Ambassador in Pretoria, Mr Robin Renwick, thinks it prudent to say nothing beyond repeating that the precise form of settlement is up to the South Africans themselves. Of course it is. But if they want peace and a passport to non-pariah status they should be publicly and politely told that an ethnically-based constitution is not on. This should be done before the process starts. If not, Mrs Thatcher will be deluding the South Africans as well as herself.

LOMBARD

Gradgrinds old and new

By Michael Prowse

IF YOU spot a "young fogey" with a long face, he is probably an education specialist.

The New Right is worried that Mr Kenneth Baker, the UK Education Secretary, has been "captured" by the educational establishment. Far from injecting discipline and rigour, runs its argument, the new national curriculum is giving leftish intellectuals a golden opportunity to enshrine their prejudices in law. The hapless Mr Baker ("Mr Bun" as he is dubbed by one irreverent critic) is proving nothing more than a glorified rubber-stamp.

At first glance, the fogeys seem to have a point. Many parents will be disturbed by the news that "she come here yesterday" is not wrong, but merely an inappropriate use of language in certain circumstances. Surely, they will argue, Mr Baker should insist that part of the timetable is set aside for formal grammar lessons?

Fears about inadequate maths teaching run equally deep. The proposed curriculum explicitly recognises that children will develop at varying speeds according to their innate capacities. But an allowance for innate differences, argue the right-wingers, is just another way of excusing the abysmal performance of the bottom 40 per cent.

I think the fogeys are being just a trifle unreasonable. Mr Baker tried hard to pack the various committees with people likely to come up with the "right" answers. It is not his fault if Professor Brian Cox (chairman of the working party on English) and others have gained wisdom with the passage of years. In any case, the Government is attempting to introduce the new curriculum with such haste that it is unrealistic to expect committees (whatever their composition) to do more than reflect the present educational consensus. A genuinely new curriculum for seven to 16-year olds could not conceivably be created out of nothing in a few months.

More to the point, many of the critics of the emerging national curriculum know nothing of modern educational theory. They would like to turn the clock back half a century or more, and give kids the kind of education Billy Bunter received at Greyfriars. But Bunter and his pals learned little, and children reared in an age of videos and computer games are likely to prove even more resistant to authoritarian teaching methods.

Unlike the fogeys, I have been pleasantly surprised by many of the curriculum proposals put forward by the educational establishment. The tone of the reports is particularly encouraging. Most educationalists, unlike many politicians, genuinely seem to want to foster independence of mind in children.

Quite rightly, they want to relate facts to values, and put the young in a position to choose between competing ideologies. They also favour teaching methods which encourage personal development and enhance communication skills. All this, of course, militates against the kind of passive learning favoured by the New Right. But docility is not a virtue, and children should not be regarded as empty vessels to be filled with eternal truths.

Contrary to popular opinion, educational standards have steadily risen this century, albeit from a low base. Each decade, the proportion of children reaching a given level has risen. This has occurred in the face of a steady move away from the kind of education favoured by Mr Gradgrind in Charles Dickens's novel Hard Times. Facts, facts and more facts: this was Gradgrind's recipe for children. And he insisted on military discipline in the classroom. Today, he would be quite at home writing pamphlets for the Adam Smith Institute or the Centre for Policy Studies. He would make an excellent director of Mrs Thatcher's Downing Street policy unit. But would you want him to look after your children?

If the New Right is losing the curriculum battle (which is doubtful, given the number of arbitrary changes insisted upon by Mr Baker and by Downing Street), this should be a cause for celebration. The educational establishment may be flawed, but its view of the world is infinitely preferable to that of the new Gradgrinds.

LETTERS

Runway capacity at British airports

From the Chairman of BAA.

Sir, There is a flaw in your argument about the runway dilemma (leader, March 28).

The prime objective of BAA is to build and operate airport facilities to meet consumer demand where it arises, in a profitable manner, of course. We have a consistently successful track record — how else could we have achieved the position of the world's leading international airport group? Our objective is to keep it that way.

In 1991 we will open the superb new £400m terminal complex at Stansted, with a direct rail link to London, developing the potential of the under-utilised runway. Initially the new terminal will enable 8m passengers a year to be handled and, subject to Parliamentary approval, this can be increased to 15m. A second terminal at Stansted and/or a fifth terminal at Heathrow will then need to be considered.

Leading forecasters, including ourselves, agree that another runway will be needed sometime after the turn of the century. There is no puzzle, however, about our current argument that to seek permission is premature.

No terminals or runways can be built in the UK without first undergoing the stringent scrutiny of a public inquiry and obtaining Government approval, or by means of a Private Bill. Until we are confident that an irrefutable argument can be made for the need, we would fail to obtain the necessary planning approval. Of course an application to build must be made in sufficient time to allow the runway to be constructed and brought into operation.

Contrary to your suggestion, there is a financial incentive for us to build a runway at the right time in order to meet demand and thus sustain profits growth. Furthermore, one of the great advantages of being in the private sector is that we can now raise the necessary capital for major projects much more easily than we could by pleading with the Treasury in the past. Incidentally, we cannot raise our prices to airlines to give an increase in yield per passenger greater than RPI-1.

The option to build a second runway at Gatwick was abandoned by the Government on July 27 1971, when it rejected BAA's proposal for the safeguarding of the land required.

This decision was subsequently endorsed by successive Governments in 1974, 1978 and 1985. The suggestion, by certain pilots, that the main runway at Gatwick is unsafe ignores the fact it operates under license from the Civil Aviation Authority, which is responsible for defining the safe number of landings and take-offs at peak operation.

Norman Payne,
BAA,
130 Wilton Road, SW1

'The financial supermarket myth persists'

From Mr Marcus Davison.

The chairman of Kleinwort Benson, commenting last week on yet another set of dismal results, justified the decision to soldier on in the securities business with the words:

"The ability to offer an integrated service is going to be what makes you a winner."

It is depressing to note that this tired, threadbare proposition — the unquestioned basis of so many of the ill-assorted marriages of banks, brokers and jobbers — is still maintained in spite of overwhelming evidence to the contrary.

It is naive to believe that *professional* users of the financial markets really value the supposed convenience of "one-stop shopping" above their duty to obtain for their own clients and employers the best possible quality of service in each market and product.

In the personal sector it may indeed be true that the working man and woman, who have to look after their finances in their limited free time, appreciate the convenience of a financial supermarket for their everyday needs; but those who are paid to do the shopping for a demanding employer will still take the time and trouble to pay separate visits to the baker, the butcher, the greengrocer and the wine merchant.

I suspect that part of the reason for the persistence of the supermarket myth (like the other collective madnesses which periodically affect the banking world) is that senior bankers spend far too much of their time in the company of colleagues, peers and competitors, and too little time finding out at first hand the needs and aversions of their existing and prospective customers.

Writing as a long-standing and satisfied institutional customer of the small corner of the Kleinwort empire, I can assure Mr Peake that the quality of service in that corner does not predispose his customer to assume the same level of excellence in other parts of the store; rather it makes him wary of enforced introductions and conflicts of interest.

Marcus Davison,
Forest Mount,
12 Amersham Road,
High Wycombe, Buckinghamshire

Le style . . .

From Mr K.J. Fane-Saunders.

Sir, "The doctors disapprove" (March 14) makes it quite clear that the lack of consultation has resulted in a seriously flawed white paper.

The proposed reorganisation of the legal profession has shown a frightening lack of proper consultation.

The Department of Transport is proposing significant demolition of enormous tracts of residential London against the wishes of residents and local councils.

The Channel tunnel rail link can hardly be described as a model way to handle a delicate national issue.

No wonder our EC partners find UK style and attitude tiresome sometimes. The answer is an effective opposition and a smaller majority.

K.J. Fane-Saunders,
24 Dryburgh Road, SW15

Impact of British Gas prices

From Mr F.V. Ogden.

Sir, The recently published schedule of prices by British Gas shows an increase of over 43 per cent on the price currently offered to my textile dyeing and finishing company.

The impact of this alone would be to increase our production costs by nearly 2 per cent. This occurs at a time when the textile industry is fighting low cost imports and has little opportunity to pass on increased costs to its customers.

With impending privetisation of water and electricity, the textile industry must be fearful of the effect on its capacity to survive. Increases of a similar magnitude would result in a total increase of over 5 per cent in our costs — this in addition to the alarming inflationary pressures from which all industry is now suffering.

Conservation of energy certainly does not seem to be top of British Gas priorities. The tariffs are so set that major users may find it beneficial to weste nearly one million therms in order to save money. For example, 9.2 million therms would cost £1,610,000, but 10 million plus one therms would cost £1,600,000 — a saving of £10,000, but at the cost of squandered natural resources and added atmospheric pollution.

Perhaps British Gas and Ofgas could have a rethink — and quickly. An industry's survival may depend on it.

F.V. Ogden,
Martins (Leicester) Ltd,
Slater Street,
Leicester.

Triple measure

From Mr Aron Landy.

Sir, Lex is quite wrong to suggest (March 23) that Kleinwort Benson, or indeed any company, has to decide whether it exists for the benefit of its shareholders or for the benefit of its staff.

Every company exists for the "benefit" of three groups — shareholders, staff, and customers. Their interests are common: the company's continuing operation and success. If, in the short term, any one of these groups is favoured over the others, the medium term health of the operation will suffer, damaging all groups.

Return on capital is not the only measure of business success — staff and customer morale are equally important.

Aron Landy,
1 Honey Hill Mews,
Cambridge

FINANCIAL TIMES
Friday March 31 1989

Madrid's talks with Eta at a turning point

Tom Burns and **Peter Bruce** examine tensions beneath calm in the Basque Country

"Peace now and forever" proclaims the banner borne by Basque demonstrators calling on Eta guerrillas to lay down their arms

IF THE past were erasable it would be easy to forget these days that the Basque Country has harboured more political violence than anywhere else in Europe outside of Northern Ireland. Only the slogan-screaming graffiti remain in place. For nearly three months now Euskadi Ta Askatasuna (Basque Homeland and Liberty), the formidable separatist organisation better known by its initials ETA, has maintained a ceasefire.

The Spanish Government has responded with an extremely low security profile and by starting a series of "conversations" with Eta leaders exiled in Algeria.

After more than 20 years of extortion, kidnappings, bombings and some 500 violent deaths and following two decades of police harassment, flights to exile, arrests and claims of torture, daily life for the past three months in the Basque Country has seemed so visibly normal that it might never have been otherwise.

A peace with Eta, provided it was not at the cost of losing the Basque country altogether, would *probably guarantee* a third election victory for Mr Felipe Gonzalez next year in spite of his present difficulties with the country's trade unions. It would also reignite investment interest in the Basque Country, which remains the spiritual home of Spanish heavy industry and technological innovation.

The Basque country has learnt to live with terrorist violence but for the past few months it has begun to adjust to the possibility of living without it. Paradoxically, the problems of peace can appear as threatening as were the ones posed by a dirty guerrilla struggle.

Mr Felipe Gonzalez, Prime Minister, has called Eta's terrorism the greatest threat to Spain's young democracy and certainly it is the only imaginable cause around which any remaining right-wing dissaffection in the military could rally.

One clear consquence of peace is a realignment of Basque nationalism and, as the nationalists draw together, greater radicalisation. Some 80 per cent of Basques vote for nationalist parties but nationalist sentiment has remained fractured. Local political parties are still divided by *differing attitudes to a group of gunmen* that has been viewed as band of criminals by some and as a patriotic army by others.

Last week, a sole guard was on duty outside the Civil Governor's building in Bilbao's Plaza Eliptica. There were no checkpoints on the city's exits. Police no longer patrolled San Sebastian and cars were being waived through the Irun frontier with France by officials who hardly bothered to look at passports.

People in the Basque Country said they *thought* the violence was over but they were *keeping their fingers crossed.* With good reason, it turns out. Hardly had the Eta negotiators in Algeria announced last Monday that they were extending their truce until June 24 than the Eta monthpiece, the Basque newspaper *Egin*, carried a front page warning to Madrid that if a statement made by the Government on the talks on Tuesday night was not retracted within 24 hours, the killing would begin again.

The newspaper warning appeared just five hours after the Government statement and could not possibly have been the work of the Eta leaders in Algeria. The truth appears to be that the threat came from leaders in prison and still in hiding in France. This wing – Stalinist and wary of the nationalists doing the talking in Algeria – had been thought broken by the arrest in France of its leader earlier this year. The Eta leaders in Algeria apparently heard of the ultimatum to Madrid on the radio.

Talking to Eta was never going to be easy. The Government has always said it would not have a "political negotiation" with the terrorists, and Eta always said the talks could be nothing else. The infighting among the *Etarras* about how to talk to the *Spanish makes* Madrid's task even harder.

Eta claims both sides agreed last week to a statement of progress that referred to a "political solution." The Government statement did not use these words and could not, it seems, without committing political suicide in the rest of Spain. The awful truth may be that unless Eta nationalists reassert themselves, the talks have gone as far as they can.

The guarded optimism two weeks ago in the Basque Country may have reflected consensus that the secret meetings in Algeria were sufficiently positive to merit a continuation of the truce and that Eta had everything to gain if it negotiated a face-saving settlement but it reckoned without the fanaticism of Eta's powerful left.

Without the violence a wholly new political climate is created in the Basque country. The uncompromising nationalism and the radical politics that Eta represents could become an even more potent force if the gunmen came in from the cold. Mr Javier Garmendia, a senior member of the minority Marxist Euskadiko Ezquerra party, has staunchly opposed Eta's terrorism, conceded that in a non-violent future his party's highly ideological, but pacifist, nationalist members might be attracted to the radical coalition Herri Batasuna (Popular Unity) which has acted throughout these years as Eta's political front.

Still, the 24-hour deadline passed yesterday with no immediate sign of a return to violence. Nearly two weeks ago tens of thousands of peopla attended a Bilbao rally organised by the Basque regional government under the slogan of "Peace now and always."

For the moment, all of Spain is tense. The classic issues that Eta has been fighting about all these years – self-determination, the incorporation to the Basque Country of the ethnically-mixed neighbouring region of Navarre and an immediate amnesty for the close-on 500 Eta members in prison – have not yet been specifically tabled at Algiers.

"The problem is not Eta," says Mr Jon Idigoras, a former Eta member and a leader of Herri Batasuna. "It is the whole platform that Eta represents."

The reality is a sobering one for the Madrid Government: a majority of Basques, should the divisions over violence be removed, would endorse something approaching self-determination, would want Navarre (an area which is comparable to the Six Counties of Northern Ireland) to be part of the Basque Country and would, most immediately of all, want the release of Eta prisoners. But the Government are not the only ones biting their nails now. Herri Batasuna has a lot to lose too if its friends in Eta cannot control their trigger fingers.

THE LEX COLUMN

Tiny's Indian summer

The sharp drop in US factory orders last month – the biggest fall in more than six months – is the latest sign that the US economy is slowing. But with oil prices now testing the $20 a barrel level, the worry is that the inflation outlook is deteriorating just as the economy is finally turning down.

House of Fraser

The combative powers of Mr Tiny Rowland continue to astonish. The Fayeds have been more durable opponents than the hapless Mr Bond; but having laboriously won High Court permission to put awkward questions at Lonrho's AGM yesterday, they were forestalled by Tiny's thunderous rejoinder. We are not allowed to transmit the findings of the House of Fraser report; but it can be surmised that the City at least will find they repay close attention.

It may be asked how long the DTI's injunction can remain in force. The situation obviously poses legal problems, to do with the inquiry by the Serious Fraud Office. But a DTI report, after all, has no value as evidence in a court of law; if the police suspect wrongdoing, they will have to prove it for themselves. The DTI is under no obligation to publish, such a report being confidential to the department which ordered it. But with over 200,000 copies of the main findings already distributed – many of which may have been sold before the injunction took effect – the report might be thought to be in the public domain already. The whole affair has echoes of Spycatcher. Indeed, Tiny may have missed a trick after all: he should have published not in the Observer, but in the US.

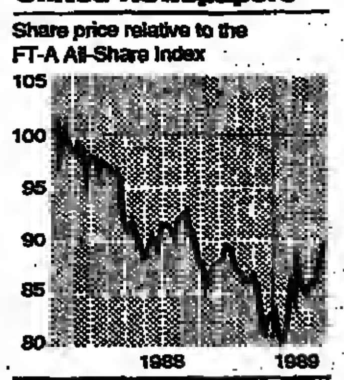
TSB

The TSB is beginning to look more and more like a traditional UK clearing bank, rather than the exciting financial services company it should be. Having raised far more money than it needed from its shareholders, it has spent it all on a variety of questionable acquisitions, and is now confessing that its first half profits will be lower through no fault of its own. It all sounds depressingly familiar.

It is true that the TSB is more exposed to the UK mortgage market than most, and its life insurance and investment management businesses are under obvious pressure. But the group increased its lending by two thirds last year, and unlike the rest of the clearers it is in the happy position of being flush with retail funds. Maybe there are good reasons why the group's lending margins should have been squeezed so horribly, but there must be a worry that market share rather than group profitability has been driving its managers. Meanwhile, if the TSB really is particularly vulnerable to rising interest rates, because it invests so much of its surplus cash in gilts, then it badly needs to hire some sophisticated cash managers.

The big worry now is that having expanded its lending book rapidly in the good times, the TSB will find that its bad debt provisions will start to rise. So after a miserable current year, 1990 might look no better. Unless the new management team begins to make its mark soon, the bank's current rating can only be justified when it becomes open to takeover in two years' time.

United Newspapers
Share price relative to the FT-A All-Share Index



United Newspapers

It is hard to fault frugality, but in the case of United Newspapers it is beginning to look like an end in itself. The group's national titles have cut costs by some £10m over the past two years, without making *the faintest* impression on profits. And the process by which the national newspapers' lose with one hand what they save with the other – through falling circulation and increasing promotional spending – looks set to continue this year. Some 1,500 more jobs will be lost, with little or nothing in the way of an earnings increase to show for the disruption. United is still forecasting £4m in total cost savings by the end of next year, but shareholders would do well to wonder how much of that they will ever see.

Those who have been hanging on for the *sharp increase* in earnings growth meant to follow the move from Fleet Street must now be hoping that their patience will be rewarded by a predator instead. It is surely hard to justify a prospective rating of nearly 12 times earnings on any other grounds. But when Lord Stevens says he will never sell the Express, it is difficult to see why he should not be believed. And the notion that the authorities would sanction a bid from Conrad Black – which would put five out of 11 national dailies in the hands of foreigners – is also hard to credit. Sir James Goldsmith would, of course, have no such difficulty. The question is whether he has the inclination.

Burmah

The big question about Burmah is whether it has gone ex-growth, and yesterday's 22p fall in the share price makes the market's opinion clear enough. The results simply do not bear out that view, however. Profits may not have moved much when property gains are excluded, but at constant *exchange* rates progress was as acceptable 12 per cent. Underpinning it all, and compensating for a mixture of bungling and bad luck in special chemicals, the Castrol marketing miracle continues. Demand for lubricants is more or less static, so to have increased volumes by 11.5 per cent without cutting prices is remarkable. The trick may not be repeatable for ever, but there are no signs of the end just now.

Burmah has not helped itself by making so public its ambitious goals: earnings growth of 15 per cent is hard to achieve regularly in a business tossed around so much by exchange rates and commodity prices. Still, on average the target may yet be hit, in which case Burmah deserves more than its present sub-market rating. The big acquisition still to be found is proving a more serious trap. Large companies in growth markets may not exist at non-dilutive prices, so it is just as well that Burmah feels in no hurry. Meanwhile, the company can afford to be equally relaxed about the chances of its fitting someone else's bid criteria. While most big oil companies would surely love to own Castrol, no competition authority in its right mind would allow them to do so.

Bush urges Moscow to support US peace efforts in Nicaragua

By Lionel Barber in Washington

PRESIDENT George Bush has sent a message to President Mikhail Gorbachev urging the Soviet Union to support US efforts to reach a peace settlement in Nicaragua.

The White House disclosed the communication as Mr Gorbachev prepared to fly to Cuba for a three-day visit which many here expect to produce a major Soviet policy statement on the region.

The US has long argued that the Soviets have used Cuba as a client state to spread subversion in the western hemisphere, notably through the leftist Sandinista government in Nicaragua.

Mr Marlin Fitzwater, White House spokemsan, said President Bush had told the Soviets that he wanted to see an end to Moscow's support for Nicaragua, currently running at $1bn in economic and military aid.

Mr James Baker, US Secretary of State, speaking at a conference in Atlanta, said he was looking for signs of Mr Gorbachev's "new thinking" in the region: "We must send a clear message to others outside this hemisphere: this is not a dumping ground for their arms or their failed ideology."

President Bush's call comes one week after his Administration reached an agreement with Congress on a $45m humanitarian aid package for the US-backed *Nicaraguan* Contra resistance as well as a pledge to renew diplomatic efforts to conclude a regional peace accord.

Tha accord ends the protracted conflict between the Reagan Administration and Democrats in Congress over Contra military aid. Mr Bush and Mr Baker hope this will *strengthen US bargaining position.*

But their public statements yesterday also reflect official concern that Mr Gorbachev will exploit heavy American TV coverage of his visit to Havana to further boost his image as a flexible peacemaker in contrast to the hard-line Cuban leader Fidel Castro – without reducing Soviet support for the Castro regime.

Israeli troops kill three Palestinians in protests

By Andrew Whitley and Hugh Carnegy in Deir Hanna, northern Israel

ISRAELI troops shot dead three Palestinians and at least 33 were reported wounded in the occupied West Bank and Gaza strip as the 780,000-strong Arab minority staged a day of strikes and demonstrations marking "Land Day."

Police and other security forces were on full alert for the annual commemoration of the deaths in 1976 of six Arabs killed while protesting against the expropriation of land by Jews. *The underground* leadership of the uprising had urged their brethren across the old 1967 border to use the occasion to express their identification with demands for a separate Palestinian state.

To forestall disturbances, the Israeli authorities placed the Gaza Strip under curfew and closed off the West Bank.

Compared with *last year's* Land Day, greater emphasis was placed on the Palestinian struggle for self-determination than on local grievances.

Within the Israeli-Arab community itself, the day passed off largely peacefully with a widely-observed general strike. At the three officially-sanctioned *rallies*, speakers *calling* for solidarity with the Palestine Liberation Organisation and with the *intifada* drew cheers from enthusiastic crowds.

In Deir Hanna, a hill-top Galilean *village*, a *chanting* crowd of several thousand waved the banned PLO flag and made victory signs at an army helicopter circling overhead.

At the rally in the village square, a contingent of Moslem fundamentalists – part of an emergent Islamic movement within Israel – waved green flags with religious slogans.

Three members of the Knesset, Israel's parliament – two of them Arabs and one a Jew – roused the crowd with calls for the unity of the Palestinian people and equality within Israel for the Arab minority.

Mr Meir Wilner, veteran leader of the pro-Moscow Communist Party, himself a signatory to Israel's 1948 declaration of independence, told the Deir Hanna rally that Mr Yitzhak Shamir, the Prime Minister, and Mr Yitzhak Rabin, the Defence Minister, were "the biggest terrorists."

Thatcher due to visit Namibia

By Michael Holman in Harare

BRITISH officials were pressing ahead *last* night with plans for Mrs Margaret Thatcher to make a dramatic arrival in Namibia tomorrow.

The UK Prime Minister's aircraft is expected to touch down at Windhoek airport on the day the territory formally moves from South African control and begins a seven-month transition to independence elections under *UN supervision.*

Members of her party refused to confirm or deny the reports. But barring last-minute hitches it seems certain that she will fly to Windhoek from Malawi, the next stop on *her African tour.*

Mrs Thatcher said in Harare, just before her departure for Malawi, that she had "no announcement to make" about a visit to Namibia. Bnt she stressed that it was "absolutely vital" that Resolution 435, the United Nations settlement plan for Namibian independence, "is strongly observed."

While in Windhoek Mrs Thatcher is expected to open Britain's new High Commission, meet UN officials and members of the British military contingent serving in the *5,000-strong UN monitoring* force.

But the main purpose will be to set her seal of approval on the Namibian settlement, hold it up as an example of how civil conflicts can be settled and to deliver a *symbolic* message to Pretoria to the effect that she will be following events in Namibia closely in the expectation that the independence elections will be free and fair.

Mrs Thatcher's visit to Zimbabwe has ended with the gap between her and President Robert Mugabe on South Africa as wide as ever.

The President renewed his call for a "comprehensive package of mandatory sanctions" against South Africa, said he was deeply suspicious of *Pretoria's intentions in Namibia* and maintained that "the situation in South Africa showed no sign of improving."

However, Mrs Thatcher made light of her dispute with Mr Mugabe."

She expressed appreciation of the role Pretoria played in the Namibia settlement.

Editorial comment, Page 18; Striking a false note, Page 19

Inquiry into oil fraud

Continued from Page 1

are not listed so the buyers do not see that the consignment belongs to someone else.

Once booked the buyer agrees to establish a *letter* of credit for the price of the cargo with a bank. The bank will only release the buyer's money upon confirmation of receipt of the oil at the port of delivery.

The fraud happens when the bogus sellers ask the buyers to instruct their bank to pay out a handling charge for loading expenses of $250,000 to $300,000. This is released upon receipt by the bank of a set of documents confirming the cargo exists and has been loaded. The papers, in the name of the Nigerian National Petroleum Corporation, are forgeries.

When the ship arrives the genuine documents may still be in the trading chain or back in Nigeria. At the dockside, meanwhile, the shipowner may be faced with one genuine buyer and perhaps several others who have been duped.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio		–	–	Dubrovnik	S	18	64	Malta	S	25	77	Rhodes	S	17	63
Algiers	C	12	54	Edinburgh	F	13	55	Manchester	C	15	59	Rio de J'o	C	31	88
Amsterdam	S	13	55	Faro	F	14	57	Manila	F	33	91	Rome	S	19	66
Athens	S	10	50	Florence	S	23	73	Melbourne	S	17	63	Salzburg	S	21	70
Bahrain	S	18	64	Frankfurt	S	16	61	Mexico City		–	–	San Francisco	F	10	50
Bangkok	C	33	91	Funchal	C	15	59	Miami	F	24	75	Seoul	C	15	59
Barcelona	C	15	59	Geneva	S	19	66	Milan	S	21	70	Singapore	F	30	86
Beirut		–	–	Gibraltar	C	14	57	Montreal	C	2	36	Stockholm	C	6	43
Belfast	F	13	55	Glasgow	F	11	52	Moscow	F	2	36	Strasbourg	S	23	73
Belgrade	S	22	72	Guernsey	S	11	52	Munich	S	22	72	Sydney	C	18	64
Berlin	F	17	63	Helsinki	C	5	41	Nairobi		–	–	Taipei	F	23	73
Biarritz	C	12	54	H. Kong	F	22	72	Naples	S	21	70	Tangier	C	13	55
Bombay	S	34	93	Innsbruck	S	21	70	Nassau	F	29	84	Tel Aviv	F	18	64
Bordeaux	S	20	68	Inverness	C	12	54	New Delhi	S	23	73	Tenerife	F	18	64
Brussels	S	13	55	Islamabad	C	24	75	New York	C	22	72	Tokyo	S	15	59
Budapest	S	21	70	Istanbul	S	11	52	Nice	S	18	64	Toronto	C	0	32
B. Aires	F	27	81	Jakarta	C	32	90	Nicosia	S	13	55	Tunis	S	21	70
Cairo	S	21	70	Jersey	C	11	52	Oporto	S	11	52	Valencia		–	–
Cape Town	R	13	55	Jo'burg	F	24	75	Oslo	F	8	46	Venice	S	15	59
Caracas	F	26	79	Lima	F	27	81	Paris	S	17	63	Vienna	S	15	59
Casablanca	C	10	50	Lisbon	F	15	59	Peking	S	18	64	Warsaw	S	17	63
Chicago	C	3	37	London	S	16	61	Prague	F	12	54	Washington	F	21	70
Cologne	F	14	57	Los Angeles	C	13	55	Reykjavik	S	2	36	Zurich	S	20	68
Copenhagen	R	8	46	Luxembourg	S	20	68								
Corfu	S	20	68	Madrid	F	14	57								
Dallas	C	17	63	Majorca	C	16	61								
Dublin	C	14	57	Malaga	F	14	57								

Readings at mid-day yesterday
C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

UK blocks leaked report on Fayeds

Continued from Page 1

The intention had been to distribute the contents of the report more widely through the circulation of about 240,000 copies of the special edition of the Observer. However, before the meeting came to an end yesterday afternoon, the DTI had obtained its injunction.

Some shareholders had managed to pick up a copy of the paper as they went into the meeting. Those who tried to obtain one during Sir Edward's speech were told to come back after the meeting. By then, the injunction had taken effect and no further copies were circulated at the hotel.

However, numerous copies had made their way onto newsstands through what Lonrho described as its normal distribution channels.

The Fayed brothers, whose £615m ($1bn) bid won control of House of Fraser in March 1985 after Lonrho had sold them its own 29.9 per cent in the stores group, condemned Lonrho's actions.

"The publication of a special edition of the newspaper yesterday," they said, "is clearly an attempt by the newspapers' owner Mr Rowland Rowland to *distract attention at today's* AGM from important issues and serious questions regarding the financial viability of Lonrho."

Representatives of House of Fraser attended yesterday's *meeting but* were *not asked* to speak when they stood up to ask questions. A series of points made in letters to Lonrho and its auditors were dealt with separately in the chairman's address.

FINANCIAL TIMES
COMPANIES & MARKETS
Friday March 31 1989

INSIDE

Spreading the eggs around many baskets

The business philosophy of Amer, the Finnish marketing group with a wide range of interests like cars, fashion and printing, sometimes strains the imagination. But Heikki O. Salonen, chairman, is quick to defend his company's recent acquisition of Wilson Sporting Goods of the US. Most other companies are hamstrung by the ancient principle of operating in just one business sector, he declares. Page 22

First the good news

William Gatenby had some good news and some bad news in his first nine months in charge of newly-formed Canadian Mining & Energy Corporation, the world's biggest uranium company. The good news was the passage of the US-Canada free trade agreement which ensures Canadian producers unfettered access to the lucrative US market. The bad news has been the persistently weak spot uranium market, writes David Owen. Page 24

Oslo climbs the heights

While Norwegian investors have been ascending the mountains for their traditional two-week skiing holiday, the Oslo all-share index has also reached record levels. And brokers believe trading on the bourse (left) could climb even higher. Latest proposals for changes in tax relief and investment rules could encourage gains, they say — and foreigners may be lying in wait to take advantage of domestic investors' absence in tha holiday period. Page 46

Hybrid for the bumpy trail

It's an exotic hybrid. A Peugeot engine under a Nissan hood, and manufactured by Mahindra and Mahindra in India. The three-tonne light commercial vehicle, which can be adapted as anything from an ambulance to a refuse compactor, is the result of Mahindra's takeover of Allwyn Nissan, a company set up in 1982 by the Aadhra Pradesh state Government and Nissan of Japan. It is also a very fitting product in that it reflects the rugged takeover road Mahinda has had to travel. Page 23

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Bayer Vorzg	371.5	+	5.5
D. Babcock	169.3	+	2.8
Karstadt	431	+	6
Thyssen	228	+	3.9
Falls			
Conti-Gummi	248.8	–	1
Lufthansa	758.5	–	1

NEW YORK ($)

Rises			
Du Pont	102⅝	+	1¼
Enserch Expln	9¾	+	½
Sears Roebuck	49⅝	+	⅝
SmithKline B.	55⅝	+	⅞
Falls			
Genentech	17⅝	–	1¾
Sun State Svg	2¾	–	2⅛

New York prices at 12.30.

PARIS (FFr)

Rises			
Euromarche	2519	+	103
Matra	269	+	14
Vallourec	376.5	+	18
Falls			
Eaux	52	–	6.9
Locabail	665	–	50
Exor	1246	–	66

TOKYO (Yen)

Rises			
Koito Mfg.	5100	+	500
Mitsui Pet.	1980	+	180
Yokowo Mfg.	1900	+	200
Falls			
Caroline	520	–	50
Kinmon Mfg.	1440	–	110
Nitto Kako	650	–	50

LONDON (Pence)

Rises			
Addison Cons.	40½	+	4½
Cable & Wire	489	+	8
Clinton Cards	202	+	4
Keep Tst.	386	+	23
MB Grp.	279	+	6
Ratners	210	+	5
Saatchi & S.	290	+	6
Tyndall Hldgs.	100	+	4
Unitech	313	+	5
WPP Grp.	695	+	16
Falls			
Alida Hldgs.	320	–	40
Beazer	198	–	15
Brit. Aero	555	–	21
Burmah	542	–	23
Grand Met.	529	–	7
Hammerson A	779	–	7
Molins	226	–	30
Scot. & New.	301	–	12
Sun Life	928	–	27
TSB	118	–	18½
Tate & Lyle	234	–	6

Alfred Herrhausen: defended dividend decision

Deutsche Bank profits climb

By Haig Simonian in Frankfurt

GROUP partial operating profits at Deutsche Bank, West Germany's biggest bank, climbed by 11.7 per cent to DM3.1bn ($1.6bn) last year in a marked recovery from the depressed level posted after the 1987 stockmarket crash.

Announcing the results, the third best in the bank's history, Mr Alfred Herrhausen, its speaker (chief exectitive) defended the decision not to raise the dividend from DM12 a share. "We don't think we've reached a level which gives occasion to raise the dividend yet," he said.

Full group operating profits, which are not revealed but which include gains from trading on the bank's own account, surged by a "satisfactory" 30.2 per cent, he said, albeit from the sharply depressed levels of 1987.

Earnings from own account trading had risen "five times" above those for 1987, with securities trading accounting for some two thirds of the rise and foreign exchange and precious metals trading making up the remainder, Mr Herrhausen said.

The marked improvement in profitability in the closing three months of 1988, which substantially boosted earnings for the year, had continued into 1989, leading Mr Herrhausen to voice "optimism" for the year.

In the first two months of 1989, partial operating profits at both group and parent bank level had been running ahead of the proportionate share of the result for 1986 - the bank's best ever, while full operating profits were very close, said Mr Herrhausen, making him "relatively confident."

Group interest income in 1988 rose 7.7 per cent to DM6.71bn, with sharply higher lending more than compensating for a 0.06-percentage-point slippage to 2.21 points in group interest margins. Pressure on margins had not let up in the first two months of this year, said Mr Herrhausen. Total assets rose nearly 14 per cent to DM305bn at the end of 1988.

Fee income offered a mixed picture. Overall, fee earnings rose 9.4 per cent to DM2.42bn - a new peak. However, the 7.8 per cent net rise in securities hid a surge in reallowance income from the placement of bonds and investment fund shares, notably thanks to the success of the bank's Luxembourg-based Eurorenta fund.

By contrast, commission earnings on securities trading fell by a quarter on account of the drop in equity turnover, while earnings in new issues also declined.

The bank managed to keep better control of costs, which rose by 6.5 per cent at group level last year, than some rivals. Appreciably higher cost increases resulted in reduced partial operating profits at the two leading Bavarian banks which reported their 1988 results earlier this month.

Deutsche Bank continues to build up its sovereign debt provisions, although at a slightly slower rate than in the past. The average cover ratio at parent bank level stood at 76.9 per cent at the end of 1988 against 75.5 per cent the previous year.

Mr Herrhausen voiced optimism for the success of the bank's bid to buy the outstanding shares in Banco Comercial Transatlantico (BCT), the medium-sized bank which is spearheading its Spanish expansion plans. Deutsche Bank planned to build up BCT's Spanish network of 100 branches, he said.

Elsewhere in Europe, Deutsche Bank planned to use its domestic mortgage banking expertise at European level. Together with its German mortgage banks and its Luxembourg subsidiary, it is setting up a European mortgage bank based in the Grand Duchy.

One ballgame with few fans on Wall Street

Roderick Oram reports on the man behind Black & Decker's agreed bid for Emhart

DEVISING an encore acceptable to Wall Street is as tough as turning round a floundering business, Mr Nolan Archibald, Black & Decker's chief executive, is discovering.

Restive investors have knocked 20 per cent off the share price of the power tool and appliance company since it announced last week a $2.8bn agreed bid for Emhart, a manufacturer of a wide range of plumbing, do-it-yourself and other products.

Wall Street is quick to credit Mr Archibald, every inch the tall, energetic former basketball player, with completely recreating Black & Decker over the past three years. But just when investors thought they were settling down to a nice stream of improving profits from mature businesses Mr Archibald sprang the Emhart deal on them.

In a hastily convened meeting in a mid-town Manhattan hotel, he asked analysts and investors to look beyond the deal's short-term negatives to prospects of longer term prosperity. It is "the classic marriage made in heaven", he believes.

Black & Decker yesterday took a step closer to consummating the deal. Topper, an investment partnership of the wealthy Fisher family of New York and Mr Gordon Getty, an heir to the oil fortune, agreed to bow out of the battle for Emhart, which it had put into play with a $35 a share offer. But there is still a chance some other bidder might try to counter Black & Decker's $40 e share offer.

Mr Archibald has been on the short end of bidding wars before. In early 1988 Black and Decker dropped its $2.1bn offer for American Standard when the price approached 20 times the plumbing company's earnings. It was a profitable retreat, netting Black & Decker a large return on its American Standard stake.

Hs readily admits to no quick payback from Emhart. Black & Decker is borrowing $3.7bn to fund the takeover, refinance existing debt and beef up working capital. Debt will constitute more than 80 per cent of capital, up from less than 30 per cent now. The deal will dilute earnings for at least 18 months.

He has pledged to bring debt down to 50 per cent or less within 2½ years through an array of typical money-saving actions: disbanding Emhart's headquarters; trimming employees, costs, inventories and capital spending; and selling Emhart's information and electronic systems business.

He believes longer term benefits from Emhart will be large. Its big range of do-it-yourself products and garden equipment complements Black & Decker's power tools and small household appliances with minimal overlap. They use the same distribution channels and the bidder is strong abroad where the target is weak. Many items are counter-cyclical and have higher margins compared with Black & Decker's.

For all the apparent attractions of the deal, however, Wall Street feels Black & Decker over-laid the logic after Emhart wooed it as a white knight. Many investors are uncomfortable with the idea of Black & Decker borrowing to expand into new territory when interest rates are rising and economic growth slowing.

On this score, Black & Decker may be only the first of many companies that find it hard at this stage of the economic cycle to win Wall Street's approval for the next phase of their revitalisation.

The company, after one bad false start in the early 1980s, has become the model exploiter of a mature business. A big purchase like Emhart may be the only way it can keep up its momentum.

Nolan Archibald, every inch the tall, energetic former basketball player, has completely refashioned Black & Decker since taking over command in 1985

Black & Decker's old failings had come home to roost in the early 1980s. The power tools for which it was synonymous and which were by far its largest activity were losing market share rapidly around the world to Makita of Japan and to a lesser extent Bosch of West Germany.

Its structure lay at the root of its problems. It was not a true global company but more e federation of some 50 semi-autonomous national organisations loosely controlled by three regional headquarters.

As a result, eight design centres around the world turned out a jumble of products tailored to national markets but lacking global economies of scale.

The 'new' Black & Decker loves to tell of the 100 or more sizes of electric motors it once used. It has whittled them down to a dozen and is aiming for five or six, even though it has greatly expanded its product line.

Moreover, designs and manufacturing techniques were dated. As business slumped, factory operating rates dropped to around 50 per cent.

Mr Laurence Farley, Mr Archibald's predecessor, talked convincingly of the global imperative. When he failed to implement it, he relinquished power in early 1986. Still, the company has to be grateful to him for several actions, such as his 1984 purchase of US General Electric's small kitchen appliance division for $300m.

The division was number one in the US market with annual sales of $470m. But Mr Farley's successors thought he had overpaid, since some of the 150 products from irons to toasters were dated. Worse Black & Decker had to give up the best assets, the GE brand name. Undaunted it plunged into overhauling the range and substituting the name Black & Decker.

Analysts were as sceptical about this as they are about Emhart, but Black & Decker successfully made the switch in the largest US brand name change ever.

Mr Farley was tough minded – he once fired all his senior European managers because they refused to introduce a range of products which had been successful in the US. However, he never got on top of the problems.

Seeking to cure its deeper ills, the company hired Mr Archibald in 1985. A Mormon with eight children, he came from Beatrice, the foods and household products company, with a reputation as a turn-round artist and four resuscitations to his credit.

He tore into Black & Decker like a construction worker on a rehabilitation project. He replaced many senior managers, changed from geographic to global product lines, united separate industrial and consumer power tool divisions, shut factories, fired 2,000 workers, introduced the latest manufacturing techniques and shook up the distribution system.

The company also listened to its distributors and customers – two constituents it had long neglected. From them in got many good new product ideas for the "build" side of Mr Archibald's "cut and build" strategy. In the fiscal year ended last September, some 13 per cent of the group's $2.28bn sales came from hundreds of new items introduced in the past three years.

The bottom line improved to record net profits of $97.1m last year from a loss of $158m in 1985 and it has held power tool competitors at bay around the world.

Mr Archibald, now aged 45, has accomplished the restructuring which had eluded his predecessor.

French raider nets 15% of UK's Addison and exposes board rift

By Ray Bashford in London

A DAWN raid on Addison Consultancy by Motif Action, a French market research company, yesterday exposed a wide rift within the board of the UK design, public relations and market research group.

The private French company snapped up 14.7 per cent of Addison's shares at 40½p, which was also the closing price. This values Addison at £23.8m ($40.2m).

The holding was bought to block a possible takeover by MAI, the UK financial services and advertising group, which has been in discussion with the Addison board for at least two weeks.

The purchase also gives the French company a toehold on the UK market a day after Boulet Dru Dupey Petit, France's fifth largest advertising company, launched a hostile £103m bid for Boase Massimi Pollitt, the UK marketing and advertising group.

Motif is understood to havs given undertakings that an offer for Addison would not follow the share purchase. However, it is eager to establish joint ventures with the UK company.

The MAI approach is believed to have been strongly opposed by Ms Elizabeth Nelson and Mr Tony Cowling, the directors who head Addison's market research operations. The French purchase was done with their blessing.

The market research arm, Taylor Nelson, has been an area of strength within an otherwise desultory group performance during the past few years.

Ms Nelson and Mr Cowling are attempting to prise Taylor Nelson out of Addison and create a publicly listed market research group.

They believe that they can expand Taylor Nelson more rapidly hy remaining independent and forming joint ventures.

MAI also sees the potential in Addison through the retention of Taylor Nelson and the disposal of Streets, the public relations arm, and Addison Design Group.

Streets' management is expected to announce a £1m buy-out today, and Mr Steve Smith, Addison's chief executive, is expected to attempt a management buy-out of the design company.

Taylor Nelson and Motif are believed to have been in contact for several months but talks on the share purchase began only e few days ago.

It came as a blow to MAI which has unsuccessfully explored possible entry points for expansion in market research during the past year. It is believed to have been considering an offer of 40p.

TSB chief warns on earnings

By David Barchard in London

SHAREHOLDERS of the TSB Group, the fifth largest banking group in the UK, were warned yesterday by Sir Nicholas Goodison, its chairman, that they should expect lower profits during the first half of this year because of market conditions in retail banking.

Sir Nicholas's remarks at TSB's annual meeting in Glasgow, were greeted in the City as the first strong indication that the two-year retail banking boom may be over.

They added to the nervousness of Stock Exchange invsstors, helping trigger a fall on the FT-SE 100 index of 22 per cent by the end of the day.

TSB made interim profits of £212m ($356m) in the first half of last year, 29 per cent up on 1987. However, some City analysts yesterday said this year's interim figures were likely to be at least 10 per cent down on last year.

TSB will not announce its interim results until the end of June, and there was some surprise that Sir Nicholas had chosen to alarm the market by forecasting a drop in profits so early in the year.

Sir Nicholas singled out high interest rates and the collapse in the mortgage market as the main reason why TSB's profits are likely to be well down this year.

TSB relies heavily on mortgage lending, and has five separate mortgage arms. Last year mortgage lending made up about 43 per cent of its total lending, a much higher proportion than other large clearers.

However, Sir Nicholas also made clear that overall market conditions had also become much more difficult for retail banks.

He said: "The favourable conditions of the last few years have gone. Competition in retail banking is getting very much tougher. Margins in commercial banking remain very competitive. Banks are going to have to look more and more to fees and other sources of income in order to sustain profitability."

Other big clearing banks in London yesterday generally agreed with Sir Nicholas that the retail banking market was subdoed because of high interest rates.

However, Lloyds Bank, the smallest of the 'big four' clearers and widely regarded as the most aggressive of the banks, said that it did not find market conditions particularly difficult at present.

TSB shares fell by 10.5p in London to close at 118p.

Paribas returns to growth after post-crash setback

By George Graham in Paris

PARIBAS, THE French investment banking group, has announced a 54 per cent rise in net profits last year to FFr2.65bn ($415m), recovering strongly after 1987's stagnant earnings in the wake of the October stock market crash.

Mr Michel François-Poncet, chairman, said the group had broken through into new ground, with big advances in all its main divisions: Banque Paribas, the principal investment banking arm, Compagnie Bancaire, the 48 per cent owned consumer finance and leasing group, Crédit du Nord, the wholly owned retail bank now back in the black, and the group's portfolio of industrial equity holdings.

Paribas's estimated net assets climbed to FFr33bn from FFr24.3bn at the end of 1987, when portfolio holdings were hit by the slump in stock market values at the end of the year. Net asset value per share at the end of 1988 is estimated at FFr610, compared with FFr459 a year earlier.

New provisions were reduced to FFr4.39bn from FFr5.51bn in 1987, taking the group's provisions up to 46 per cent of its sovereign debt risks, mostly concentrated in Venezuela and Mexico, compared with 39 per cent cover in 1987.

Earnings on Paribas's capital account, totalling FFr740m after FFr573m in 1987, benefitted from the recovery of FFr218m net of provisions made the previous year on its securities portfolio.

Mr François Morin, managing director of Paribas, said all the group's financial market activities were profitable. Quilter Goodison, Paribas's London stockbroker, was haemorrhaging until it was sold to Commercial Union last autumn, Mr Morin said, but Courcoux Bouvet, Paribas's French stockbroker, managed to maintain stable profits.

Mr François-Poncet said the "hard core" of stable shareholders selected by the French Government at the time of Paribas's privatisation in 1987 had now ceased to exist, since the restrictions on the sale of these stakes were now lifted. He said, however, that he hoped a small number of institutions would increase their stakes in Paribas above the 5 per cent threshold. Union des Assurances de Paris (UAP), the state-owned insurer, has already taken its holding up to 4.5 per cent. No single shareholder should dominate, however.

"I refuse the idea of a shareholder of reference. It would be totally incompatible with the independence of a house like ours," he said.

Paris stockbrokers had been expecting earnings to rise by 40 to 45 per cent, but the 54 per cent increase recorded has comfortably beaten expectations.

Huega sale boosts Ausimont

By Alan Friedman in Milan

AUSIMONT, THE Wall Street quoted speciality chemicals subsidiary of Italy's Montedison group, yesterday unveiled a L206bn ($148.5m) net profit for 1988.

The figure is more than double the 1987 result of L70.8bn, but as the company explained this was due to an extraordinary credit resulting from the sale last year of Huega, a carpet tile subsidiary.

Mr Howard Harris, chief operating officer, said that with the company's accounts adjusted for extraordinary items and US tax differences the pre-tax profit for 1988 amounted to L80.2bn, a 25 per cent rise on the 1987 result.

Montedison owns 88.1 per cent of the Dutch-registered Ausimont.

Last month Montedison failed to secure 100 per cent control when several minority institutional investors in New York refused to tender their shares at the offer price of $35 each.

● Lombardini, a privately owned leading Italian manufacturer of small diesel motors, is buying more than 95 per cent of Hispano Motor, a Barcelona-based diesel motor maker.

Lombardini, which had 1988 sales of L250bn and which employs 2,000 people, is believed to be paying around L10bn for Hispano, which had around $29m of 1988 sales and claims more than 50 per cent of the Spanish diesel motor market.

Snia-BPD more than doubles net profit

By Alan Friedman

SNIA-BPD, the textiles, chemicals, munitions and missiles subidiary of Fiat, yesterday unveiled a more than doubled net profits of L84.9bn ($61.5m) for 1988. The operating profit was L180.6bn, against L131bn in 1987.

The company said its turnover rose by 3 per cent last year to L2,358bn. Group net debt declined to L249.4bn from L406.8bn in 1987.

Snia said it had signed a letter of intent with Enimont, the chemicals venture between Enichem and Montedison, concerning possible collaboration.

It is expected that Snia and Enimont will agree a series of asset swaps or joint ventures in fibres and polymers in the next two months.

Gemina, the diversified investment company controlled by Fiat, reports a jump of 126 per cent in pre-tax earnings L111 bn in the six months ended December 1988.

The company said its investment portfolio was valued at L490.2bn at the end of 1988, down L372bn.

Porsche's earnings rise despite lower sales

By Andrew Fisher in Frankfurt

PORSCHE, the West German luxury sports car maker, said yesterday that profits picked up in the first half of its current financial year. However, sales were down considerably.

The Stuttgart-based company, controlled by the Porsche and Piech families, has already made clear that it is recovering gradually from the sales collapse in the key US market in 1987, which was caused by the lower dollar and the October stock-market crash.

In the first six months of the financial year to July 31 this year, pre-tax profits edged up to DM38m ($20.5m) from DM32m. The company said cost-cutting measures were partly responsible for the improvement.

As well as reducing staff numbers, Porsche has reshaped its policy to put greater emphasis on its more expensive and exclusive cars, which carry higher profit margins. It has also streamlined its dealer network.

Turnover in the first half dropped by 16 per cent to DM1.23bn.

While domestic sales were only 0.7 per cent lower at DM294m, foreign turnover was down by 20 per cent to DM934m. Unit sales fell by 27 per cent to 14,580 cars, with a 45 per cent slump in the US to 6,580 cars.

Porsche said its new models, including upgraded versions of its classic 911 range, had been well received – delivery dates were running beyond the end of the financial year. The company expected the new cars to stimulate US demand, with the main impact coming in 1989-90.

The turnround in profits follows Porsche's policy of cutting output sharply to reduce stocks of unsold cars, especially in the US.

It has also withdrawn from the cheaper end of the market by dropping its four-cylinder 924 model.

For the full year, Mr Heinz Branitzki, the chairman, has forecast a significant rise in profits after net income halved in 1987-88 to DM25.3m.

Logic behind a sporting takeover

Heikki Salonen, chairman of Amer Group, talks to Olli Virtanen

There is logic in all this, declares Mr Heikki O. Salonen, chairman of Amer Group, half apologetically, after the recent acquisition of Wilson Sporting Goods, the leading US sporting equipment manufacturer, from Mr William Simon's Wesray Capital investment bank.

The business philosophy of the Finnish marketing group, which spans cars to fashion and printing houses to sporting gear, sometimes strains the imagination, but Mr Salonen is seldom lost with words.

Most companies, he says, are hamstrung by the ancient principle of operating by business sector. A shipbuilding company concentrates on the metal industry and does not venture, say, to textiles.

Amer prefers to take a look at the different functions of a business operation. "Some companies are good at manufacturing, others know the ropes of contracting, and so on. Our expertise is to manufacture and market high quality brand name products," says Mr Salonen.

Apart from its close attention to investor relations Amer is rather faceless. Few Finns would know who manufactures Marlboro cigarettes or imports Toyota cars into Finland. Both Amer franchises are market leaders by a wide margin.

Against this background the acquisition of Wilson makes good sense. It provides the relatively domesticly orientated group with a truly international platform with operations in eight countries on three continents.

Wilson's golf equipment nicely complements Amer's MacGregor Golf Company which will now have "in-house" manufacturing units. And, as Mr Salonen emphasises, Amer has no intention to raise its corporate profile at Wilson's expense by organising a "Amer Tennis Tournament," for example.

Wilson's top management reportedly backed the Finnish company against four other bidders, some of which even offered more than Amer. According to some analysts Wesray sold to Amer in order to show a "good face."

At $200m in cash Wilson was Amer's biggest purchase to date in a long string of acquisitions and disposals. Wilson's estimated net sales of $425m in 1988 will boost Amer's annual sales by one third to FM7.5bn ($1.7bn).

Amer's liquid funds at the end of the year ended February 28 stood at just over $200m. Half of this was used to finance the acquisition while the second $100m came from a multi-currency facility arranged by Citibank.

Wilson will not improve Amer's profitability this financial year due to the acquisition costs but it will make a contribution the following year, believes Mr Salonen.

'I have told the group executives not to bring me any foolish acquisition ideas for the next two years, only serious ones'

Analysts agree that with Wilson Amer's business will become riskier and initially the acquisition will dilute earnings. Kleinwort Benson, for example, estimates Amer's pre-tax profit will increase from FM285m in 1988 to FM320m in1989.

Earnings per share are estimated to decline from FM17.90 in 1988 to FM17.00 in 1989.

Mr Salonen's urge to shuffle the pack stems from his almost obsessive attention to return on equity. If a business unit fails to reach a desired level in given time Amer is likely to dispose of it.

"We are very flexible in using our capital," he says, comparing Amer to a forest products group which, after a $800m greenfield investment, cannot simply say "Gosh, got it wrong. Let's do it this way instead."

Amer aims to create synergy and acquire businesses that fit the picture. It has acquired several companies in paper converting while boosting its printing operations.

Likewise it recently bought two small textile companies to complementthe existing Marimekko fashion operation.

The group's top management comprises some half a dozen experts who are trained in marketing and can be assigned to mould the acquired units into the group.

Wilson is now likely to keep management resources, including Mr Salonen himself, well occupied for some time.

"I have told the group executives not to bring me any foolish acquisition ideas for the next two years, only serious ones," he quips.

Stena bids SKr350m for SMZ

By Sara Webb in Stockholm

STENA, THE Swedish ferry and property group which is currently considering a bid for the Bermuda-based Sea Containers corporation, yesterday announced it wants to buy Stoomvaart Maatschappij Zeeland, a Dutch ferry company, for about SKr350m (US$54.3m).

Stena Line, the group's ferry subsidiary which is listed on the stock exchange, is talking to the Dutch Government, which owns 70 per cent of SMZ, and Internatio-Muller, the Dutch transport group which holds 4.3 per cent of SMZ.

If Stena Line acquires a controlling 74.3 per cent stake, it plans to bid for the outstanding shares, offering Fl 6,775 ($3,178) per share for the remaining 4,260 shares listed on the Amsterdam stock exchange. SMZ shares traded at around Fl 5,900 earlier this week. Stena Line said it wants to build up its network of ferry routes in Europe to complement its existing connections within Scandinavia.

SMZ operates between the Hook of Holland and Harwich. It has 500 employees and had a turnover in 1988 of about Fl100m (US$46.9m). It has a modern passenger/freight ship and owns a terminal in the Hook of Holland.

Hoogovens swings round to the black

By Laura Raun in Amsterdam

HOOGOVENS predicted that its earnings would continue to climb this year after the Dutch steel and aluminium group swung into the black with a Fl 301m ($141m) profit in 1988 from a loss in 1987.

Dividend payments will be resumed with a Fl 4 a share payout for 1988. No dividend was paid in 1987 when Hoogovens lost Fl 76m.

The steel division should lift its earnings while aluminium may see its profit slip a bit, the company said. Extraordinary income of around Fl 300m will be booked from the sale of holdings. Turnover jumped 35 per cent to Fl 7.87bn in 1988 from Fl 5.85bn the year before. Price rises and higher sales volumes fueled the buoyant performance.

St-Gobain in talks to buy 46% of Sisa

By Our Financial Staff

SAINT-GOBAIN, the French glass and building materials group, said it is talking with Credit Lyonnais about acquiring the bank's 46 per cent interest in Sisa, the Italian packaging materials concern.

St-Gobain said it was too soon to say when a final agreement might emerge or what its value might be. The company played down reports that it might seek to control as much as 70 per cent of Sisa after the purchase from Credit Lyonnais, saying that St-Gobain is focusing only on 46 per cent of Sisa's capital for the moment.

Sisa is among Italy's biggest cardboard packaging materials concerns, with revenue of about L130bn ($93.7m) in 1988. Saint-Gobain's interest fits its goal of wider coverage of Europe.

INTERNATIONAL COMPANIES AND FINANCE

Mahindra rides the takeover bumps

IT IS an exotic hybrid. A Peugeot engine under a Nissan hood, and manufactured by Mahindra and Mahindra in India.

The three tonne light commercial vehicle, which can be adapted as anything from an ambulance to a refuse compactor, is the result of Mahindra's takeover of Allwyn Nissan, a Hyderabad-based company set up in 1982 by the Andhra Pradesh state Government and Nissan of Japan.

For Mahindra, a jeep manufacturer and flagship of a leading Indian engineering group with sales of more than Rs8.7bn ($556m), the takeover road was bumpy. Negotiations had dragged on for almost a year and acquired vociferous political overtones.

With a licensed capacity of

India's premier jeep maker is growing and diversifying reports Gita Piramal in Bombay

50,000 vehicles but output only a fraction of that, Allwyn Nissan's performance became an issue of competence for the Andhra Pradesh Government.

The deal was given clearance only after Nissan threatened to pull out of the venture and Mahindra provided assurances that there would be no retrenchments and that it would pump in Rs50m for Allwyn Nissan's development programme. This was on top of the Rs43m paid to the Andhra Pradesh Government for a 26 per cent stake in the company.

It paid the par value of Rs10 a share and has made a similar offer to Allwyn Nissan's remaining shareholders, aiming at increasing its equity position to 40 per cent. The shares, which had been trading as low as Rs4, shot up to Rs15 before levelling off to a current level of around Rs11.

The Allwyn Nissan takeover is part of an expansion and diversification programme for Mahindra which, though it enjoys a virtual monopoly of the Indian jeep market, is keen to strengthen its presence in the competitive sector for light commercial vehicles.

Mahindra has also signed an agreement with Peugeot of France to manufacture the 504 pick-up truck in India. Both it and the Allwyn Nissan vehicle will carry the Peugeot diesel engine made by Mahindra in India.

According to Mr Keshub Mahindra, the chairman, "there have been no objections from Nissan to the Peugeot engine being fitted on their LCV." The Mahindra group has been associated with Peugeot for almost a decade and a high-level delegation from France has been in Bombay to discuss the extension of this collaboration and to lay the foundation stone for a plant to manufacture the new generation XD-3 diesel engine.

The French company is also considering supporting Mahindra's endeavours to export its jeeps through Peugeot's international dealer network. Mr Jean Boillot, president of Automobiles Peugeot, said that Peugeot would be interested in taking a minority stake in Mahindra, "not to gain control or influence the management, but to show our commitment to developing a deeper co-operation."

HK duo advance more than 25%

By Michael Marray in Hong Kong

TWO MAIN Hong Kong companies controlled by Mr Li Kashing yesterday reported 1988 net profits up by more than a quarter, amid buoyant conditions in the territory's property and trading sectors.

Hutchison Whampoa, which has interests ranging from property and telecommunications to container port operation and oil exploration, showed profits after tax and minorities of HK$2.32bn (US$297.4m) for the year, an increase of 26 per cent. Extraordinary items worth HK$1.28bn boosted attributable profits to HK$3.60bn.

Apart from strong property and investment activities, Hongkong International Terminals (HIT) did well on the back of record container port throughput. Good performances were also seen from the group's telecommunications, trading and retailing divisions.

Mr Simon Murray, managing director, said that the company may soon further reduce its holding in HIT by selling a 2.5 or 5 per cent stake to Japanese interests. This is in line with a policy of broadening the shareholding base, he said, in order to allay concerns about Hutchison's increasing dominance of Hong Kong's container port facilities.

Mr Murray said that earnings from Husky Oil of Canada were relatively flat, but that the longer-term prospects were good, helped by Husky's acquisition of Canterra Energy during 1988.

Cheung Kong Holdings, which owns 40 per cent of Hutchison and is one of Hong Kong's largest property developers, reported its own after-tax profits of HK$2.09bn, an increase of 32 per cent.

There were additional extraordinary profits of HK$567m.

Cheung Kong will pay a final dividend of 21 cents per share, bringing the total for the year to 29 cents against an adjusted 21.5 cents for 1987.

Hutchison has declared a final dividend of 30 cents per share, making 43 cents for the year versus an adjusted 34.6 cents for 1987.

Swire group earnings jump 25% to HK$3bn

By Michael Marray

SWIRE PACIFIC, the Hong Kong aviation, property and trading group, has reported profits after tax and minority interests of HK$3bn (US$384.6m) for last year, an increase of 25.3 per cent.

Extraordinary gains of HK$385.9m lifted attributable profits to HK$3.39bn.

The healthy results were largely due to the 32 per cent increase in profits to HK$2.82bn from Cathay Pacific Airways, a 50.4 per cent held subsidiary, and from the booming local property market.

Mr David Gledhill, the chairman, said the group's strategic shift away from development-for-sale towards the building of a portfolio of investment properties was paying off.

Trading divisions performed well during the year, he added, as did the shipping and dockyard divisions. Both Swire Magnetics and Swire Technologies continued to lose money.

He warned that Hong Kong's rising inflation and labour shortage cast a shadow over prospects. Swire would continue to benefit from earnings growth in Cathay, Swire Properties and industrial, trading and insurance divisions but shipping and offshore services again faced a difficult year.

The final dividend will be 53 cents per A share and 10.6 cents per B share, bringing the total for the year to 76 cents and 15.2 cents respectively, compared with 62 cents and 12.4 cents for 1987.

Fletcher starts N American drive

Dai Hayward on the ambitions of a New Zealand forestry group

Fletcher Challenge, the New Zealand forest products and industrial group which has a large presence in British Columbia, is looking to expand its North American operations into eastern Canada or the US.

Mr Ian Donald, who heads its Canadian division, sees the involvement in British Columbia, where most of its North American operations are based, as probably "as large as we would like to be and as large as the British Columbia Government would like us to be." He adds: "We are ambitious to grow in North America and before too long."

North America provided NZ$160.5m (US$98.8m) in profits for the latest six months to December – just over half the group's record NZ$315m interim total. The North American earnings were up 35 per cent from the previous year. Of the group's total revenue of NZ$5.3bn, a third originated in North America.

Last year Fletcher increased its stake in Fletcher Challenge Canada – formerly British Columbia Forest Products – to 71 per cent and merged its management with that of its wholly-owned Crown Forest Industries.

Fletcher also owns the Blandin paper company in Minnesota where a US$350m expansion programme comes on stream this year.

The Canadian forest industry is facing considerable change with conservation and government restrictions on logging, while the new equipment needed to process the smaller, second growth timber, now replacing the older larger trees, means many existing sawmills will close.

Fletcher Challenge Canada exported only 50,000 cubic metres of timber in logged form last year with its main production concentrated on pulp and paper. The log exports were almost entirely to China.

Overall stocks of Canadian newsprint at the end of last year were almost double those of the previous year due to a slowdown in demand. Despite this Fletcher sold a record volume of standard newsprint in North America, while FCC is maintaining full output from its mills by boosting production of other types of paper to compensate for any drop in newsprint demand.

The group is confident that world prices for paper pulp will remain high. More than a dozen price increases since 1985 have taken pulp prices from US$400 a tonne to $810 this month. Another $30 a tonne increase comes into force tomorrow.

Future expansion in North America may take the group deeper into the US. Mr Hugh Fletcher, chief executive, referring to the company's original move into British Columbia, said: "One reason we went to Canada rather than the US was because Canadian companies were selling at only two thirds of the price of American companies." He said the gap had since narrowed.

Further expansion in North America could, moreover, be outside the forest industry. Last year the group acquired Dinwiddie, a construction company in California, and lifted its shareholding in A-M Homes to 81 per cent. It also owns another construction company, Wright Schuchart, in Washington state.

Normandy may buy 20% diamond stake

By Kenneth Gooding, Mining Correspondent

NORMANDY RESOURCES, the master company of Mr Robert Champion de Crespigny, the Australian entrepreneur, has secured a conditional right to buy 20 per cent of the Bow River diamond project in Australia.

Normandy aims to pass the stake on to Poseidon, its 48 per cent owned subsidiary.

The other 80 per cent of Bow River is owned by Freeport McMoRan Australia, which plans to merge with Poseidon.

Normandy will pay Gem Exploration and Minerals A$10m (US$8.1m) for a package which includes the Bow River stake, geological information and access to A$6.75m in tax losses. The deal is conditional on Freeport not exercising its pre-emptive rights to the shareholding.

The transaction would indirectly strengthen the grip Mr Harry Oppenheimer's South African Anglo American/De Beers empire on world diamond production. Anglo American is the other major shareholder in Poseidon - in August it sold its Australian operations to Poseidon in exchange for an 11 per cent stake.

Poseidon announced yesterday that its attributable operating net profits for the half-year to December jumped 54 per cent from A$8.03m to A$12.35m. A strong performance by Australian Development, its Northern Territory gold mining offshoot, and rising interest rates were the main contributors to the increase.

The advance in sales from A$13.5m to A$52.32m was due to the inclusion for the first time of Anglo interests.

● Dominion Mining, the Australian gold miner currently embroiled in a bid battle for rival Whim Creek, has reported operating profits for the six months to December up 52 per cent to A$5.04m on a nearly doubled turnover of A$24.77m from A$12.5m.

Earnings per share were 3.91 cents (3.44 cents). Depreciation, including amortisation, amounted to A$2.32m (A$1.61m), and interest fell to A$388,000 (A$571,000).

Dominion said it expects to pay a final dividend from the full-year earnings and from 1989-90 to pay dividends twice a year.

"It is the company's policy that the percentage of profits paid as dividends should average 50 per cent over time," it added.

NOL doubles profits to S$50m

NEPTUNE ORIENT Lines (NOL), the Singapore shipping group, more than doubled net profits last year to S$50.8m (US$26m) from S$23.8m, Our Financial Staff writes.

Revenues rose 11.8 per cent to S$1.23bn. A dividend of 3.5 cents was declared, up from 1.8 cents.

● Haw Par Brothers, a Singapore industrial company, reported after-tax profit of S$21.3m, down 14.6 per cent, despite sales up 50 per cent to S$454.8m.

INTERNATIONAL COMPANIES AND FINANCE

Sears to axe 800 in new move to curb its bureaucracy

By Roderick Oram in New York

SEARS, Roebuck, the world's largest retailer, unveiled yesterday further changes in its cumbersome bureaucracy designed to revitalise its flagging merchandising operations.

It will cut 800 of the 7,700 merchandising management, close all 24 regional administration offices and give the remaining managers greater responsibility and control in a more focused structure.

Sears is also reported to have decided to spin out its move from the Sears Tower in Chicago, the world's tallest office building. It originally planned to move within two years to cheaper accommodation but will now take over four years.

Keeping more people in the Tower longer is designed to make the building more attractive to potential buyers. Sears hopes it will fetch about $1bn, but a major concern of new owners would be quickly filling *the space vacated* by the retailer. The sale was announced last autumn as part of a broad restructuring.

Under the management changes *announced yesterday*, each of Sears 825 stores will be divided into six vertical merchandise segments – appliances/electronics, home fashions, home improvement, women's apparel, men's/children's apparel and automotive.

Each segment will report to a separate district manager with responsibility for sales, profits and customer service for that line of business in 10 stores. District managers will report to 10 regional managers.

Mr Michael Bozic, chairman and chief executive of Sears Merchandising Group, the retail arm, said the new structure will save $75m a year.

● J.C. Penney, the third largest US retailer, has discontinued its cable television in-home interactive shopping service, which will result in a $20m, 16 cents a share, after tax change in its first quarter to April 29.

It had invested some $106m in the venture, called Telaction. Despite an "encouraging" initial response from consumers it had failed to find financial partners to participate in further development.

Heart drug studies again hit Genentech share price

By Roderick Oram

GENENTECH, the leading US biotechnology company, has suffered a further setback from clinical studies of its heart drug Activase, or t-PA, which *generated almost half its* revenues last year.

The genetically engineered drug is no more effective at dissolving blood clots in heart attack victims than an older drug costing one-tenth the price, according to two studies in the latest edition of the prestigious New England Journal of Medicine.

The news knocked $1¾ off the stock price of the San Francisco company, taking it down to $17¾ in heavy trading by early afternoon.

The more major of the two studies, conducted in New Zealand, found streptokinase was as effective as Activase. The older drug is made by Hoechst of Germany and SmithKline Beckman of the US.

A summary of the 270-patient New Zealand study had been released last November and then hurt Genentech's share price.

Activase costs $2,268 a dose while streptokinase, which is *heavily discounted from its list* price, is available for well under $100.

Insurers put $225m into Goldman Sachs

By Janet Bush in New York

GOLDMAN Sachs, the US securities house, announced that a group of seven insurance companies had made a $225m fixed return equity investment in the company, representing about 11 per cent of partners' capital.

The group will be passive investors with no voting rights or role in managing the company.

The investment was made in the form of a private placement and Goldman Sachs declined to name the insurance companies involved.

Mr John Weinberg, senior partner of Goldman Sachs, said: "We view this investment as a vote of confidence in the future of our firm and our leadership in the securities industry.

"It strengthens our substantial capital base, which enables us to maintain our position as a leading global investment banking firm and to support our clients' market objectives."

This is the second time Goldman Sachs has boosted its capital base in a little more than two years.

In late 1986, Sumitomo Bank of Japan bought a multi-million dollar non-voting stake in Goldman Sachs.

A Goldman Sachs official declined to comment on whether the latest boost to total capital would mean an additional investment by Sumitomo.

The Japanese bank had always intended investing $500m in Goldman Sachs but its stake was limited to 24.9 per cent of total partners' capital by US Federal Reserve requirements.

The latest investment brings Goldman Sachs' total partners' capital to $2.1bn. Adding on $895m in subordinated liabilities, the total capital is now just under $3bn.

Goldman said it had formed The Goldman Sachs Group, L.P. as a holding partnership for Goldman, Sachs & Co.

Mixed fortunes delay Cameco flotation plans

David Owen on an energy group's prospects

MR William Gatenby has had some good news and some bad news in his first nine months in charge of newly-formed Canadian Mining & Energy Corporation (Cameco), the world's biggest uranium company.

The group formally came into being last October through the merger of Ontario-based Eldorado Nuclear and the Saskatchewan Mining Development Corporation. In 1988 the company, which has interests in each of three north Saskatchewan uranium mines, a gold mine, a research centre and two downstream uranium processing facilities, accounted for some 16 per cent of Western world uranium output.

The good news was the passage of the US-Canada free trade agreement which ensured Canadian producers would continue to enjoy unfettered access to the lucrative US market.

Access had been threatened by a court ruling to the effect that the US Department of Energy should not enrich non-US uranium for domestic utilities. Such a ban would have constituted a serious blow for Cameco, which supplies 15-20 per cent of US demand.

The bad news has been the persistently weak spot uranium market. Prices have recently slid as low as US$11.60 per lb of U3O8 or "yellowcake" (the semi-processed form in which most uranium is sold to consumers), compared with $17 three years ago.

Fortunately for Saskatoon-based Cameco and other producers, the spot market accounts for only 10-15 per cent of overall sales. Most business is transacted under long-term contract with major power utilities, under which rates come *down to spot levels only over* time.

The lacklustre near-term outlook seems likely to delay the first stage of the public sector company's proposed privatisation. Cameco is held 61.5 per cent by the Saskatchewan government and 38.5 per cent by Ottawa.

When details of the merger were *first revealed last February*, a deadline of seven years for full privatisation was proposed, with 30 per cent of the new company slated to be in private hands within two years and 60 per cent within four.

Mr Gatenby reportedly expected the first share offering at the latest by early this year. But the soft spot market has prompted the petroleum engineer and former Texaco Canada Resources chief executive to revise his prognosis.

"It would look like this has been deferred until late in the present year or next year," he says. The actual timing, Mr Gatenby adds, will be determined by the company's two shareholders. The longer an offering is delayed, the longer it is likely to be before Cameco is able significantly to reduce its C$650m (US$546m) debt.

Cameco's mines last year produced about 15m lb of U3O8, around 60 per cent of which (having been sold in that form to customers) was passed for further processing to the group's in-house facilities at Blind River and Port Hope.

Two end-products – uranium hexafluoride (UF6) and uranium dioxide (UO2) – are ultimately produced for use in nuclear power stations.

"We are offering the buyer one-stop shopping as far as processing is concerned," Mr Gatenby says. The former Eldorado plants are also used to custom convert yellowcake from other mines.

The company says it would like to see as much as possible of its mine output processed in its own downstream facilities, despite an excess of uranium hexafluoride production capacity worldwide that has reduced processing fees. "We can compete because we have some of the newest facilities," Mr Gatenby says.

The richest of the three producing uranium mines is Key Lake, in which Cameco has a two-thirds interest. The average millhead grade at Key Lake is more than 2 per cent, making it the richest producing uranium mine in the world. It will lose this status, however, if and when the extraordinary Cigar Lake deposit – held 48.75 per cent by Cameco – is brought on stream.

Cigar Lake, also in northern Saskatchewan, has reserves of 386m lb of U3O8 grading an astonishing 14 per cent. In isolated pockets, the orebody grades fully 60 per cent.

Cameco is drilling a test mine on the site, intending to experiment with alternative mining methods in an attempt to ensure the ore can be mined safely. The most likely method, according to Mr Roy Lloyd, vice chairman, will be to cut above and below the orebody, position containers underneath and drill down into them. "You are not likely to have workers at the face of the orebody," he says.

Tests are expected to be completed by early 1991, at which point Cameco will decide "when or whether" to mine. The timing, says Mr Lloyd, will be "market-driven." The company is optimistic the excessive worldwide inventories that are generally blamed for today's low prices will, by that time, have been reduced to more acceptable levels.

The exploitation of Cigar Lake will probably lead to further environmental scrutiny, but this does not appear to dismay Mr Gatenby unduly. "Environmentally in Canada, nuclear doesn't look that bad," he says, with reference to the strong domestic resistance to new coal-fired power plants. "Our industry has a big selling job to do," he adds. "We apologise too damn much."

If the 52-year Texaco veteran has his way, Cameco's growth will come less from increasing its substantial uranium market share, than from maintaining its position in an expanding market. Further diversification is also on the cards.

"We should have the opportunity to look at different minerals at the exploration stage," Mr Gatenby says. "And if someone walked in with a good deal in oil and gas, we might be tempted."

SOFT PRICES FORCE LAY-OFFS AND CUTS

CAMECO is to lay off 170 staff, reduce production at its Ontario processing facility and temporarily close a Saskatchewan mine in response to continuing soft prices for uranium, writes David Owen.

The mine in question is the Rabbit Lake property which, in 1987 produced almost 2,200 tonnes of uranium. The facility will be shut down for about six months, from July 1. During this time, plans call for an attached mill to be modified and improved.

The spot price for U3O8, or yellowcake, languishes at US$11.60 a lb, compared with a peak of some $45 in 1980. Excess stocks are thought likely to forestall any significant improvement for the foreseeable future.

The company, formed last October, recently reported net profits of C$52.6m (US$44m) on sales of C$396.5m for the year ended December 31.

● Giant Yellowknife Mines said it planned to reduce gold mining operations and trim the workforce at its Timmins gold mining operations in northern Ontario to about 480 from 650 as a result of declining gold prices, Reuter reports. The lay-offs, which could be reduced if the price of gold increases significantly, will be completed by the end of the summer, the company said.

In 1988 Yellowknife took an extraordinary writedown of the carrying value of its Timmins division assets of $29.6m.

Procter buys drink group

PROCTER & Gamble, the US household products group, has bought Sundor Group, a Connecticut fruit drink company, reports AP-DJ.

The company said the deal covers seven facilities and Sundor's fruit juice and drink brands, including Sunny Delight and Florida Citrus Punch. It said the majority of Sundor was owned by affiliates of Elders IXL, a major Australian beverage company.

Sundor made profits of $24m on sales of $192m in 1988.

COMPAGNIE BANCAIRE CAPITAL INCREASE:

1 NEW SHARE AT FF 420 FOR 5 EXISTING SHARES

For Compagnie Bancaire, 1988 was a year of sustained growth in France and rapid expansion in Europe.
Although exceptional expenses entailed by the early repayment of mortgage loans seriously affected UCB's results, the Group succeeded in maintaining and even increasing profitability.

First implemented three years ago, the Group's strategy of establishing itself in every major European country by exploiting the skills of its subsidiaries has borne fruit. In 1988 six firms were set up by Group companies in West Germany, Belgium, Spain and Italy. Overall, Compagnie Bancaire's European subsidiaries already distribute 10% of new loans, and their income accounts for 3% of Group results.

Because Compagnie Bancaire intends to accelerate its growth in France and in Europe, and is determined to maintain a credit rating that keeps it in the front rank on world financial markets, it has decided to implement two capital operations of direct concern to its shareholders.

A rights issue

The capital has been increased from FF 1,409 to 1,691 (£ 154.4) million through the issue of new shares of FF 420 (£ 38.4) each. A preferential subscription right entitles existing shareholders to subscribe to one new share for five already held. This right is negotiable on the Paris Stock Exchange, and may be exercised between 27 February and 20 March 1989. The issue of shares for cash will entitle Compagnie Bancaire to deduct a portion of the dividends paid on new shares from its taxable income over a period of eight years. Because of the premium it carries, the issue will also strengthen the capital reserves at no tax cost; it will thus make it easier for Compagnie Bancaire to pursue its traditional policy of increasing shareholders' income through the allotment of bonus shares.

A scrip issue

The management Board of Compagnie Bancaire has also decided to carry out a second issue of shares which were paid up through the capitalisation of reserves and will be allocated to shareholders as bonus shares. This operation marks yet another application (the 12th in 24 years) of the company's policy of steadily increasing its dividend. The new shares were created with rights as of 1 January 1989. They will be distributed to old and new shareholders, on the basis of one bonus share for five already held, following the completion, due on 24 April, of operations entailed by the issue of shares for cash.

These operations reflect Compagnie Bancaire's determination to keep growing, so that by 1992 it will be the leading group in Europe specialising in financial services, and to enable shareholders to enjoy the benefits their loyalty deserves as they accompany it along that road.

André LEVY-LANG
Chairman of the Management Board

1988 KEY FIGURES

Consolidated net income	FF million	£ million (*)
Group total	1,579	144.2
after deducting outside shareholders' interest	1,049	95.8
of which net operating income (i.e. FF 60 (£ 5.5) per share: +20%)	847	77.4

New business	FF billion	£ billion (*)
New loans	68	6.2
Savings received	9	0.8

(*): Amounts in £ are presented solely for convenience as of 31 December 1988 closing rate (£ 1 = FF 10.95).

COMPAGNIE BANCAIRE

The notice appeared in the BALO dated February 20, 1989. The information notice (COB visa n° 89-54 dated February 14, 1989) will be sent free of charge upon request addressed to 5 avenue Kléber, 75116 Paris. Tel.: (33-1) 40.67.32.11.

INTERNATIONAL CAPITAL MARKETS

Treasuries dip as dollar shows signs of faltering

By Janet Bush in New York and Katharine Campbell in London

US Treasury bonds continued to track the dollar yesterday, slipping marginally after a string of price gains this week as the US currency came off its highs.

In late morning trading, prices were quoted about ⅛ point lower at the short end of the yield curve while long-dated maturities stood as much as ⅜ point higher.

GOVERNMENT BONDS

The yield on the Treasury's benchmark long bond rose to 9.15 per cent.

The dollar was quoted at Y132.55 and at DM1.8910, compared with Y133.28 and DM1.8847 earlier. Foreign exchange dealers attributed this modest weakness to profit-taking after the US currency's considerable strength this week as well as a remark by a senior Bank of Japan official who expressed concern about the dollar's level.

Movements in the bond market were undramatic. The market has had a good run this week with strong demand at both the two-year and four-year auctions encouraging prices to rally across the yield curve.

However, bonds still have to wrestle with longer-run concerns about inflation and interest rates. Although this week's data have tended to suggest more weakness than strength in the economy, there is still a risk that upward pressure on prices could continue for some time.

The next significant hurdle for the market will be the release of unemployment and jobs data on April 7.

Yesterday saw the release of factory goods orders for February which fell by 2.3 per cent, a larger decline than the 1.5 per cent most analysts had forecast. These figures had little impact.

Both bond and stock markets appear to have benefited this week from the start of the new Japanese fiscal year as some new investment has come into US capital markets.

Next week, the meeting in Washington of the International Monetary Fund and the Group of Seven will keep markets on the defensive.

SINCE THE Danish central bank announced on Wednesday it was reducing financial institutions' official borrowing facilities, the government bond market has dipped some 20 basis points in what dealers described as a modest correction rather than active selling.

In an attempt to cool domestic borrowing, the central bank has lowered institutions' borrowing ceiling to 5 per cent from 10 per cent of their capital.

This credit tightening was aimed at defending the krone in response to higher interbank rates abroad.

Smaller banks might have to sell government stock to produce liquidity to reduce their drawing level.

THE APRIL bond to be auctioned by the Japanese Ministry of Finance next Tuesday may become the benchmark issue replacing the No. 111 bond, dealers say.

The current benchmark bears a 4.6 per cent coupon but is yielding 5.18 per cent, which makes it unrepresentative of the market.

Next month's bond is expected to be issued with a 4.8 per cent coupon, making it fungible with the No. 119 stock that came in March. Dealers anticipate at least Y800bn of new paper.

Trading was quiet yesterday, ahead of the forthcoming Group of Seven meeting and in the continuing absence of any significant cues from the Bank of Japan as to whether it intends to raise interest rates.

UK GILTS were drifting up to ½ point down at the long end towards the end of the afternoon.

Price weakness was apparently not the result of any dramatic selling – rather, in the aftermath of Wednesday's poor trade figures, continued sterling weakness was chipping away at sentiment in a thin market.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	107-18	-3/32	10.83	10.89	10.78
		8.750	1/98	97-22	-6/32	10.15	10.04	10.11
		9.000	10/08	98-06	-16/32	9.20	0.10	9.10
US TREASURY *		8.875	2/99	98-31	-3/32	9.38	9.44	8.38
		8.875	2/19	97-03	-9/32	9.18	9.22	9.15
JAPAN	No 111	4.600	6/98	98.8627	+0.394	5.10	5.08	5.03
	No 2	5.700	3/07	106.7289	+0.403	4.99	5.02	4.91
GERMANY		8.375	11/98	98.0000	+0.050	6.96	6.94	8.97
FRANCE	BTAN	8.000	1/94	98.6538	+0.129	9.14	9.20	9.37
	OAT	8.125	5/99	94.3000	+0.190	8.99	9.03	9.20
CANADA *		10.250	12/98	98.1250	+0.375	10.56	10.64	10.54
NETHERLANDS		6.7500	10/98	97.3250	+0.200	7.14	7.09	7.25
AUSTRALIA		12.000	7/99	91.4155	+0.155	13.55	13.83	13.82

London closing. *denotes New York morning session

Yields: Local market standard — Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on March 30

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	†92	92⅛	-0¼	-0¼	10.74
B.F.C.E. 7 92	150	†91	91½	0	-0¼	10.54
B.F.C.E. 9¾ 95	150	95½	96	+0½	+0¼	10.14
Brit. Tel. Fin. 9⅞ 98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.02
Canada 9 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.76
Canadian Pac 10⅛ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.72
C.C.C.E. 9¼ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.14
C.N.C.A. 9⅝ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.13
Credit Lyonnais 9 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.49
Credit National 8¼ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.36
Credit National 7¾ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.44
Credit National 9⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.65
Dai-Ichi Kan 9⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.47
Denmark 7½ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.47
E.E.C. 7¾ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.37
E.E.C. 7¾ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.30
E.E.C. 8 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.57
E.I.B. 7¾ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.28
E.I.B. 9¾ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.06
Elec. de France 9 98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.04
Finland 7⅞ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.11
Fmc. Exp. Cd. 8⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.49
Fmc. Exp. Cd. 9⅞ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.22
Ford Motor Credit 8 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.56
Gen. Elec. Cap. Corp. 9 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.27
Gen. Elec. Credit 10¼ 00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.30
Gen. Mtrs. Corp. 9½ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.44
Halifax BS 9¾ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.46
IBM Credit Corp. 8¾ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.26
IBM Credit Corp. 9⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.11
Italy 9¾ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.09
Italy 9⅝ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.05
L.T.C.B. of Japan 8 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.70
L.T.C.B. of Japan 9½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.43
Metropolis Tokyo 9⅛ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.05
Nippon Tel. & Tel. 9¾ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.98
Norway 8⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.19
Portugal 8⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.89
Prudential Crp. 8⅜ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.15
Qantas Airways 10⅛ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.18
Saskatchewan 10¼ 92	100	100¼	101¼	0	0	10.37
State Bk S Aust 9¼ 93	100	96¼	96⅞	+0⅛	0	10.42
Sumitomo Bank 9⅝ 92	150	97½	98	+0⅛	+0⅛	10.38
Swed Exp Cred 7⅞ 91	100	†92¾	93⅛	+0⅛	+0⅛	10.36
Sweden 7 91	250	92½	93	0	0	10.37
Sweden 8¼ 96	200	93½	94	+0⅛	+0⅜	10.04
Sweden 8½ 92	200	†95	95½	0	0	10.19
Toyota 9¼ 91	200	97½	98	0	0	10.45
Victorian Rep 11¾ 92	150	102⅞	103⅛	0	-0⅛	10.47
World Bank 7 92	300	†92¼	92⅞	0	+0⅜	10.21
World Bank 9 97	300	94	94½	+0⅛	+0⅛	10.03
World Bank 9¼ 98	300	95¼	95⅞	+0⅛	+0⅛	9.98
World Bank 9⅛ 99	500	97⅞	98⅛	+0⅛	+0⅛	9.92
Yasuda Trust Fin 8½ 93	100	†93	93½	0	0	10.53

Average price change... On day +0⅛ on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	97⅛	98⅜	-0⅛	-0⅜	6.45
Arts Fin. SVS 5⅛ 92	100	98	98½	0	0	6.54
Bank of Tokyo 5¼ 93	100	96¾	97¼	-0¼	-2	6.64
Central BK. Turkey 7 92	200	100⅛	100⅜	+0½	-0⅛	6.82
Commerzbank o/s. 5⅜ 93	300	96⅛	96⅞	-0⅛	0	6.40
Degussa Int. 6⅛ 97	200	95⅛	96⅜	-0⅛	-0⅛	6.76
E.I.B. 5½ 98	150	91	91⅜	-0⅜	-0⅛	6.80
E.I.B. 6¼ 99	600	95⅜	96⅛	+0¼	0	6.78
E.I.B. 6⅛ 96	300	96½	97⅜	+0⅛	0	6.67
E.I.B. 6⅛ 97	400	95¾	96⅛	0	0	6.79
E.I.B. 6¾ 95	300	100½	101⅛	0	-0⅛	6.70
Euro. Coal & Steel 5¼ 97	175	94⅛	94¾	0	0	6.80
Eurofima 6¼ 96	100	98⅝	99⅜	+0¼	-0¼	6.47
Elec De France 5⅛ 97	300	93⅜	94⅛	-0⅛	+0⅛	6.72
Forsmark Krtg. 5¼ 93	200	94⅜	95	0	-0⅛	6.69
I.A.D.B. 6 97	200	94⅞	95⅜	0	+0⅛	6.82
Japan Dev. Bk. 5⅜ 95	300	93⅞	94⅛	+0⅛	0	6.66
Japan Finance 5⅞ 97	100	93	93⅜	0	-0¼	6.88
Ireland 6½ 97	300	98	98½	0	+0½	6.79
Malaysia 6¼ 94	150	100⅞	101⅛	0	+0⅛	6.01
Nat. West BK. PLC 6 98	300	93⅜	94⅜	+0¼	0	6.91
N.H.L. Finance 6¼ 95	200	†96¾	97⅛	0	0	6.82
Nippon Telg. & Tel. 6 95	400	97¼	98	-0⅛	-0¼	6.25
Oesters. Kontbk. 5 93	300	96	96⅜	-0⅛	0	6.12
Portugal 5¼ 92	150	96¾	97⅛	+0¼	0	6.68
Portugal 6⅜ 95	150	98⅛	98⅞	-0⅜	-0⅜	6.91
Privatbanken 5¼ 93	150	94⅜	95⅜	+0⅜	+0⅛	6.82
Royal Insurance 5½ 92	300	97½	98	+0⅛	+0¼	6.34
Soc Gent Nuclear 7¼ 95	150	100¾	101½	+0¼	0	7.01
Turkey 6½ 95	500	96¾	97½	0	+0⅜	7.09
Union Bk. Finland 5⅛ 94	200	94⅜	94⅞	0	0	6.84
Westlb. Finance 5 93	200	†94⅛	95⅛	0	-0½	6.52
World BK. 6¼ 97	600	97¼	97⅞	+0⅛	+0⅛	6.82

Average price change... On day +0 on week 0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 5 96	150	†96½	97	0	0	5.55
Asfinag 5 03	100	†93	93¼	0	-1½	5.71
B.F.C.E. 4⅞ 98	200	†92	92½	0	-0¼	5.59
B.M.W. Fin. Neth. 5 13	150	†88	88⅛	0	+0⅜	5.94
Britannia B/S. 4⅞ 94	100	†92¼	93¼	0	+0⅜	5.78
GIR. Int. W/W 3 93	125	†93	93¼	0	-0¼	4.80
Credit Lyonnais 4¾ 00	100	†90	90½	-0½	-0¾	5.97
E.I.B. 4⅞ 98	150	†93⅜	94	+0⅜	-0¼	5.50
Fletcher Chall. 4⅞ 98	150	†91¼	91⅛	+0¼	+0¼	6.13
Kobe City 4⅞ 98	150	†92	93	-0½	-1½	5.68
Leeds Perm. B/S. 4¾ 93	200	†94	94½	-0¼	-0¼	5.76
Malaysia 5¼ 98	100	†93	94	0	-2¼	6.19
Maxwell Comm. Crp. 5 95	150	†96⅜	97½	-1	+0½	5.58
Nat. Bk. Hungary 5½ 94	75	†95½	96¼	-0¼	-0½	6.35
Nationwide Ang. B/S. 4 93	200	†92½	93¼	0	-0¼	5.92
Nippon Telg. & Tel 4¼ 95	200	*†95¼	95¾	0	-0⅜	5.09
Oesters. Kubk. 5 03	75	†94	94¼	+0⅜	-1⅛	5.60
Prov. Newfoundland 5 03	150	†96⅜	96¾	+0¼	+0⅜	5.33
Thailand 4⅞ 95	200	†93½	94½	0	+0¾	5.79
World Bank 5 03	150	†96½	97	0	-0¼	5.33

Average price change... On day 0 on week -0¼

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6⅛ 91	80	101⅞	102⅛	+0¼	+0⅜	4.99
Canada 5⅛ 93	80	102	102¼	+0⅛	+0⅜	5.06
Eurofima 5 1995	20	98⅝	99⅛	+0⅜	+0⅜	5.17
E.I.B. 4⅞ 93	30	98⅞	99⅛	+0½	+0⅛	5.16
Ireland 5⅛ 93	30	99⅞	100⅛	+0¼	+0⅛	5.12
Norway 5⅛ 95	50	99⅞	100⅛	+0¼	+0¼	5.12
Sweden 4⅞ 93	50	98	98¼	+0¼	+0¼	5.14
World Bank 5⅛ 98	10	99⅝	100	+0⅜	+0⅜	5.18
World Bank 7 94	20	107⅞	108⅜	+0⅜	+0⅜	5.14

Average price change... On day +0⅛ on week +0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. BS. 10⅛ 93 £	50	97	97½	0	-0⅛	11.14
Abbey Nat. 11⅛ 95 £	100	99¼	99⅝	-0⅛	-0¼	11.73
Alg. Bk. Ned. 5½ 92 FL	150	95⅜	95⅞	0	0	7.23
Alg. Bk. Ned. 5⅞ 93 FL	200	96½	97	+0⅛	+0½	6.71
Austria 7½ 94 ECU	100	96	96⅛	0	+0⅛	8.48
Bk. Nova Scot. 14⅞ 90 AS	75	95⅜	96⅜	0	0	17.27
Barclays Aus. 13½ 91 AS	100	95⅜	96⅛	0	+0⅜	15.46
BP Capital 9⅞ 93 £	100	94	94⅜	-0¼	-0½	11.65
British Airways 10 98 £	100	92½	93	-0¼	-0½	11.53
Bohrmann-Tel. 6⅛ 93 FL	100	96⅛	97⅛	0	0	7.23
Comm. Bk. Aust. 12⅞ 93 AS	100	†92	92⅛	-0⅜	+0½	14.15
Coop. Ctr. Rabo. 6⅛ 93 FL	100	98⅛	98⅜	0	+0⅜	6.70
Coop. Ctr. Rabo. 6 92 FL	200	97⅜	97⅞	0	+0⅜	6.82
Dixons 11 95 £	90	†97⅜	97⅞	0	-0⅜	11.61
Deut. Bk. Aus. 13⅛ 93 AS	125	†96⅛	96⅜	+0⅛	+1	14.39
Eastman Kodak 13 90 AS	100	†95⅛	95⅞	0	+0½	16.54
E.I.B. 7 96 LFr	100	†97¼	98¼	0	0	7.42
Elec. France 10⅛ 95 CS	125	†95½	96	+0⅜	+0¼	11.22
Euratom 7⅜ 97 ECU	145	91⅜	92⅛	0	0	8.82
Fed. Bus. Dv. Bk. 9¼ 92 CS	75	†94⅜	95¼	+0⅜	+0½	11.69
Fed. Bus. Dev. Bk. 10½ 93	50	96	96⅜	+0⅛	+0⅜	11.67
Ford Cr. Can. 10⅛ 93 CS	100	†96⅞	97⅜	+0⅜	+0⅛	11.69
Ford Cred. Can. 10⅜ 96 CS	125	97⅛	97⅛	+0¼	+0½	11.46
Ford Mtr. Cred. 7⅞ 91 ECU	100	96⅛	97⅛	0	+0⅛	8.79
G.M.A.C. 9⅛ 93 CS	150	†94⅜	94⅞	+0⅜	+0⅜	11.45
Honda Intl. 7¾ 93 Ecu	100	95⅜	96⅜	+0⅛	+0¼	8.94
Hydro-Quebec 11 99 CS	400	97½	97⅛	+0⅜	+0½	11.40
Lloyds Bank 10⅛ 98 £	150	93⅜	94⅛	-0⅛	-0½	11.37
Lloyds Bank 11⅜ 98 £	100	98⅛	98½	-0⅜	-0⅛	11.66
Montreal Tst. 10⅛ 93 CS	100	†95⅛	96⅛	+0⅜	+0½	11.96
Morgan Guar. Tst. 11 91 CS	150	98⅛	98⅜	+0⅛	+0¼	12.00
Nat. Aus. Bk. 14¼ 94 AS	100	†98⅜	99⅜	-0⅛	+0¼	14.98
Ned. Midd. Bank 6 92 FL	150	96⅜	97⅛	0	+0⅜	7.19
New Zealand 9½ 93 £	100	93	93½	0	-0¼	11.66
New Zealand 7⅛ 93 ECU	200	97⅛	97⅞	+0⅜	+0⅛	8.56
Philips Gleoil. 6 93 FL	300	96⅜	96⅞	0	0	6.91
Privatbanken 7½ 94 LFr	500	†98¼	99⅛	0	0	7.81
Royal Bk. Scot. 10⅜ 98 £	125	96⅛	96⅜	-0⅛	-0⅜	11.34
Saskatchewan 9⅜ 91 CS	150	†95⅜	96⅛	+0⅜	+0½	11.96
Saskatchewan 10⅛ 93 CS	200	95	95½	+0⅜	+0⅜	11.60
State Bk. NSW. 13⅞ 93 AS	100	†95½	96	0	+0¼	15.14
Sweden 15 94 AS	100	†101⅜	102⅛	0	+0¼	14.44
Union Bk. Switz. 7½ 93	150	†96½	97½	0	0	8.28
World Bank 5⅜ 92 FL	100	97⅜	97⅞	0	+0⅛	6.64
World Bank 13⅜ 92 AS	100	†98	98½	+0⅛	+0⅜	13.99
Zentrspk. 13¼ 93 AS	75	†96⅜	96⅞	0	+0⅜	14.33

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic. Bld 94 £	.08	99.70	99.77	18/04	13.21
Belgium 91 US	0	100.07	100.17	19/08	10
Britannia 5 93 £	0⅛	99.94	99.99	10/04	13
Chase Manhattan Crp. 91 US	0¼	99.25	99.50	20/08	9.94
Citicorp 98 US	0¼	98.18	98.43	29/05	10.33
Credit Foncier 98 US	.063	99.91	100.01	20/04	8.44
EEC 3 92 DM	0	100.95	101.05	20/08	6.72
Halifax BS 94 £	.1	99.86	99.91	6/05	13.07
Invt. In Industry 94 £	0⅛	99.95	100.03	24/05	13⅛
Leeds Perm. B/S. 94 £	0⅛	100.04	100.09	13/04	13.37
Midland Bank 01 £	.1	97.74	98.29	7/05	13.1
Milk Mkt. Brd. 5 93 £	0⅛	99.92	99.97	30/12	12.06
New Zealand 5 97 £	.07	100.01	100.10	14/11	12.19
State Bk. New. 98 US	.188	100.22	100.32	11/08	9.94
Woolwich Equit. BS. 93 £	0⅛	99.96	100.01	13/04	13.37
Woolwich 5 95 £	0⅛	99.85	99.90	19/05	13.12

Average price change... On day +0.01 on week +0.02

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02 US	8/87	62.	109⅜	110⅜	0	15.95
Amer. Brands 7⅛ 02 US	9/87	56.7	116¼	117¼	-0⅜	3.26
Ashikaga Bank 2⅛ 02 US	4/87	967.	137⅛	138⅛	+0¼	4.84
Asics 5 92 DM	12/83	472.7	237½	238⅞	0	6.47
CBS. Inc. 5 02 US	†4/87	200.	94	95	+0⅜	9.41
Comm. Credit 3½ 02 US	4/87	66.75	64¼	65¼	-0¼	102.75
Eng. China Clay 6½ 03 £	9/88	4.8	109⅛	110¼	+0¼	-0.27
Fujitsu 3 99 US	5/84	1106.	217	218⅜	-4	-3.58
Land Secs. 6¼ 02 £	6/87	6.72	96⅛	97⅛	0	12.34
MCA Inc 5⅛ 02 US	9/87	69.62	91½	92½	+0⅜	23.18
Minolta Camera 2¼ 94 DM	2/86	1004.	105½	107	-0⅛	9.38
Mitsubishi Bk. 1¾ 02 US	9/87	3157.	121¼	123¼	0	7.22
Mitsui Trust 2⅜ 01 US	10/86	1985.	137	138	+1½	5.89
Next Plc 5½ 03 £	11/87	4.3	98⅛	99⅛	0	100.42
Nishi Nipp. Bk. 2⅞ 03 US	4/88	804.	117	118	-1	5.55
Sanwa Tateisi 2⅛ 02 US	4/87	1310.	209½	211	-4¼	-2.31
Ranks Hovis 4¾ 03 £	†1/88	3.5	113	114	0	1.08
Redland 7¼ 02 £	1/87	5.4	100⅜	101⅜	-0⅛	6.81
Saatchi & Saatchi 6¾ 03 £	†10/89	4.41	94	95	+0⅛	46.74
Sumitomo Bank 3¼ 04 US	2/89	4296.	89⅞	90⅞	+0¼	9.26
Texas Inst. 2¾ 02 US	9/87	82.67	72½	73½	+0¼	58.17
W.R. Grace 6¼ 02 US	9/87	42.12	91⅛	92⅛	-0⅛	26.18

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Monep to overhaul trading operation

By George Graham in Paris

THE Paris traded options market, the Monep, plans an overhaul of its operating practices, with an extension of the number of different options traded.

The market will modernise its trading techniques by expanding the use of its Public Order Book, a joint mechanism for executing small retail orders, and will institute charges to cover its costs.

Brokers using the options market will have to pay a fixed annual fee of FFr200,000 ($31,350), while market makers will pay a reduced fee of FFr100,000 to take account of their contribution to the market's functioning. An additional fee of FFr2.50 per lot traded will be levied.

The Monep hopes soon to add either BSN, the foods group, or Eurotunnel to the list of 11 traded options on shares, and the option on the CAC40 stock index.

Beyond that, the Monep is physically restricted by the pits available on the Paris stock exchange until other activities move off the market floor. Trading in foreign equities is due to move upstairs in April, while in September the CAC40 option is expected to join the CAC40 future on the trading floor of the Matif futures market.

At the same time, the shares underlying the 11 existing traded options, now traded by open outcry on the exchange floor, are to be transferred to the screen-based CAC system already used for the bulk of the French market.

By the end of 1989, therefore, the Monep hopes to have enough room for 20 share options, one stock index option and one option on OAT French Treasury bonds.

Studies by the stock exchange of trading volume and liquidity have established a list of prime candidates for new options. The list begins with BSN, LVMH and Suez, followed by Générale des Eaux, Air Liquide, Carrefour, Eurotunnel and L'Oréal. Other criteria, such as the sector of activity, are also to be studied.

BSN or Eurotunnel would be the first option whose underlying stock is traded on the electronic CAC dealing system.

Since its launch at the end of 1987, the Monep has increased volume steadily, with a large jump in activity from the third quarter of last year.

Volume in the first quarter of 1989 averaged 317,000 contracts a month, and the CAC40 stock index option, launched towards the end of 1988, has now reached an average trading volume of nearly 3,000 contracts a day.

Swiss Bank to enter bond grey market

SWISS BANK Corporation plans to enter the grey market for Swiss franc bonds and notes. It is the last of the big Swiss banks to quote prices publicly for securities directly after issue, Reuter reports.

SBC said trading would begin on Monday through the bank's Zug office. Two traders would be employed initially but plans for staff expansion were well in hand.

Local market makers speculated that SBC's move would intensify the squeeze on the substantial commissions currently earned by banks from the official market.

They questioned how the big banks could maintain present commission levels – the reason the grey market started in the first place – now that every leading Swiss bank had given the market their seal of approval.

Grey market trading takes place in issues directly after they are announced but before they are formally offered.

One official at a foreign bank in Geneva said: "SBC was the last big player really missing from the whole game. This shows the grey market is here to stay, and it adds liquidity."

Fuji Bank opens in Amsterdam

FUJI BANK of Japan is to open a representative office in Amsterdam on Monday as part of a move to provide its local clients with an improved level of financial and information services, AP-DJ reports.

The bank pointed to the Dutch market's potential as a rapidly developing financial centre and its flexible regulatory approach as reasons for the move.

Fuji Bank already has branches in London, Düsseldorf, Paris, Brussels and Milan. In addition to the new Amsterdam operation, it has representative offices in Madrid, Frankfurt, Munich and Manchester.

INTERNATIONAL CAPITAL MARKETS

Choosy investors snap-up Ecu-denominated issues

By Andrew Freeman

TWO ECU-denominated deals had fine receptions in surprisingly heavy Eurobond new issue activity yesterday. The tone of the market remained cautious, however, with syndicate managers agreeing that investors remain extremely choosy.

Crédit Lyonnais was the lead manager of both Ecu deals. An Ecu100m 10-year issue for Banque Francaise du Commerce Extérieur came with a 9 per cent coupon and was priced at 101¾. The deal was said to be sold out and the paper was quoted at less 1¾ bid, well inside underwriting fees of 2 per cent.

The syndicate for the deal was small, consisting of just three other houses with co-lead manager status. Crédit Lyonnais said it had firm institutional demand for long-dated Ecu bonds and that the issue has been facilitated by a swap into floating-rate Ecu which matched the requirements of another client.

An Ecu50m three-year deal for Crédit Local also saw heavy demand. The 9¼ per cent bonds were priced at 102⅞ to give a current yield of 9.15 per cent and a yield to maturity of 8.82 per cent. The paper is fungible with an Ecu100m issue which was launched on February 28. The old bonds were trading yesterday at 101½ bid.

Again, Crédit Lyonnais kept the syndicate small, with seven co-lead managers and no co-managers. The bonds were quoted at less 1¼ bid, inside fees of 1⅞ per cent. The proceeds were swapped into floating-rate Ecu.

An equity warrant issue for

INTERNATIONAL BONDS

Japan Air Lines brought by Nomura attracted a huge syndicate of over 60 banks. The $1bn deal came with an indicated coupon of 4½ per cent and was quoted by the lead manager at 103½ bid, a handsome premium to the par issue price.

A $150m two-year zero-coupon deal for ASLK-CGER was placed by Mitsubishi Trust with a single Far Eastern investor as part of a swap-related transaction.

Bain Securities was the lead manager of an A$150m four-year issue for New South Wales Treasury Corporation. The bonds had a 12½ per cent coupon and were priced to yield around ¾ per cent less than the domestic issue into which the paper is exchangeable. Demand was mainly institutional and the lead manager was quoting the bonds at less 1¾ bid, a discount equivalent to full fees.

In Switzerland, Crédit Suisse was the lead manager of a SFr100m seven-year private placement for Queensland Treasury Corporation. The bonds were priced at 101⅛ and came with a 8½ per cent coupon.

The deal suffered from the general over-supply of paper and a perception that it was tightly priced. The bonds were quoted away from the lead manager in the grey market at around less 2 bid.

Wednesday's new issue for Finland was resilient, trading unchanged at around less 1⅞ bid. By contrast, the Air Canada issue and the National-Nederland issues were both trading around less 2 bid, down by about ¾ point.

● Kredietbank, Belgium's third largest bank by asset size, is to proceed with an international equity offering of about 1m new bearer shares of no par value.

The issue is being lead-managed by Morgan Stanley and will follow a series of road shows to institutional investors in Amsterdam, Frankfurt, Geneva, Zurich, London, Edinburgh and Paris.

A statement by the bank yesterday said the offering was intended to help the bank strengthen its capital base and increase its international presence.

Kredietbank has a market capitalisation of BFr56bn ($1.4bn) and is among the most profitable Belgian banks, with a net return on equity of 12 per cent in 1988.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Japan Air Lines‡	1bn	(4½)	100	1993	2¼/1½	Nomura Int.
ASLK-CGER IFICO◆	150	Zero	83.475	1991	1⅛/⅝	Mitsubishi Trust Int.
Fujita Tourist E'prises‡	150	(4⅝)	100	1993	2¼/1½	Nikko Secs. (Europe)
CANADIAN DOLLARS						
CIBC Singapore◆	100	11¾	101.55	1994	1⅞/1¼	ScotiaMcLeod
AUSTRALIAN DOLLARS						
New South Treas.Corp.(d)◆	150	12½	94.353	1993	1¾/1⅛	Bain Securities
Deutsche Bank Finance◆	100	15	102	1994	2/1¼	Deutsche Bk Cap.Markets
Bellsouth Capital Funding◆	40	16¾	101⅝	1993	1¾/1½	Morgan Stanley Int.
Issue increased:						
Amro Bank Australia(a)◆	75	16½	101⅞	1991	1¼/¾	Amro Bank
SWISS FRANCS						
Queensland Treasury★★◆	100	8½	101⅛	1996	n/a	Credit Suisse
Kanebo Ltd.★★‡	500	(1¼)	100	1994	n/a	SBC
Teijin Seiki Co.★★‡	80	(1¼)	100	1994	n/a	Citicorp Inv. Bk (Switz)
ECUs						
BFCE◆	100	9	101¾	1999	2/1¼	Credit Lyonnais
Credit Local de France◆	50	9¼	102⅞	1992	1⅝/⅞	Credit Lyonnais
Issue increased:						
Council of Europe(b)◆	50	14	101¾	1990	1/⅝	Morgan Stanley Int.
YEN						
Issue increased:						
National Bk of Canada(c)◆	3.75bn	6.1	101⅞	1994	1⅞/1⅛	Morgan Stanley Int.

★★Private placement. ‡With equity warrants. ◆Final terms. a) Issue increased from A$60m. b) Issue increased from Ecu40m. Borrower can redeem in Ecu or US$. c) Issue increased from Y3½bn. d) Issue price includes accrued interest. Exchangeable into domestic bond on same terms.

New World and Paribas postpone bond issue

By Michael Marray in Hong Kong

NEW WORLD Development, the Hong Kong property group, and Paribas Asia, the merchant bankers, are to postpone a HK$1bn (US$128.5m) convertible bond issue announced last week, on the grounds that Paribas wishes to distance itself from the HK$3bn hostile takeover bid for Wing On launched the same day by New World.

Local brokers said the terms of the Hong Kong dollar bond issue, in two HK$500m tranches with interest to be fixed between 5.5 and 6 per cent for one tranche and 7 to 7.25 per cent for the other, had had an unfavourable investor reponse.

But Mr Philippe Aubert, head of Paribas in Hong Kong, said the issue had been delayed because of a misunderstanding, through which Paribas had not been informed of the attempt by New World to wrest control of Wing On.

"In Hong Kong it is our policy not to finance hostile bids," Mr Aubert said, on the grounds that they could complicate client relationships for the group's various commercial and merchant banking activities in the close-knit local business community.

He noted that New World had announced that the proceeds from the bond issue were to be used for general working capital requirements, but had become associated with the Wing On offer. The HK$17 a share offer for Wing On is now seen as dead.

Mr Aubert said that New World had mandated Paribas, which had fully underwritten the original bond issue, to proceed with a new issue before July.

Its terms would reflect market conditions at the time, he added.

New World Development yesterday reported after-tax profits of HK$685m for the six months ended last December, while its New World Hotels subsidiary announced profits of HK$204m for the same period.

Investment bankers under siege

Stephen Fidler on the big squeeze facing some City stalwarts

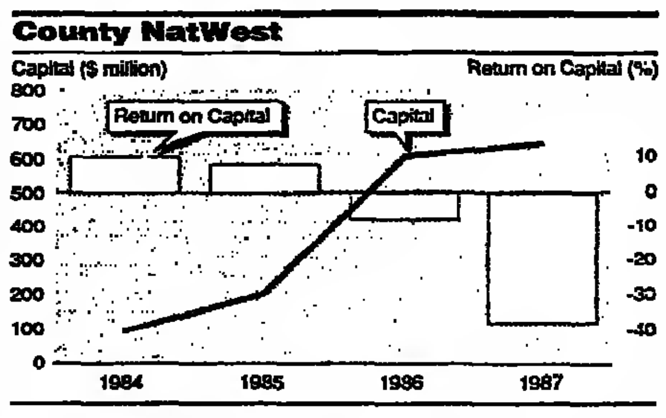
The accompanying chart happens to show the experience of County NatWest, but its shape reflects the sorry experience of many of London's investment banks in recent times: a huge and growing commitment of capital on which there has been sharply declining and often negative returns.

The rush into the City at the time of Big Bang brought about an unprecedented expansion in investment banking capacity.

The toll has been well-publicised withdrawals from the securities markets – such as that of Morgan Grenfell – and embarrassing admissions that big strategic errors have been made.

It is a process that is far from running its course.

But as they attempt to redirect their resources, investment banks are left with the problem of where to redirect in a market where the prospects for product innovation appear limited.



A survey of investment banking into the 1990s by the management consulting arm of Price Waterhouse – such surveys seem to provide one of the few remaining growth businesses in the City – confirms that many investment banks have, whether they publicly admit it or not, buried their global ambitions.

The survey, of 41 investment banks in London, shows investment banks have shifted their emphasis from attempting to dominate through sheer size to "a selective investment in a narrower range of products and locations."

The emphasis, obviously perhaps, is on using scarce resources – both capital and people – more efficiently, reducing costs and improving profitability.

As the business enters a period of consolidation, investment banks are:

● Rationalising their product ranges. No one product emerged in the survey as an obvious focus for investment.

● Focusing on the services they can provide best. Thus the requirements for primary market and secondary market activities in the securities markets differ from each other and from the ideal requirement for a fee-based investment bank.

Size and a global reach may be an advantage in primary market securities business, but it is less clear, for example, whether this is the case for a firm which relies on fee income.

● Redefining strategies. In doing this, many banks are burying their global ambitions and more are focusing on international business in selected markets, or on domestic markets.

The tendency to move into areas regarded as closed, such as Japan, will decline. However, well-capitalised Japanese firms might prove an exception in maintaining global ambitions, as do some US firms.

● Overheads will be cut. Attempts will be made to contain property, personnel and technology costs, while more rigorous assessment is likely of information technology.

● Management style will change. Retaining good staff and being more flexible in what have been notoriously poorly managed businesses will become a priority.

But staff numbers will fall, remuneration will be more closely linked to performance and loyalty – the annual bonus may be replaced by long-term share option schemes, for example – attempts will be made to shorten lines of communication, and business plans and budgets will be reviewed more frequently.

Turnover is expected to increase in all gilt and UK products except for the primary market in UK equities, sterling commercial paper and the markets in UK government bonds and floating-rate notes. Profitability is expected to rise in international equities – both primary and secondary markets – and, surprisingly perhaps, in the secondary market in UK domestic equities.

International equities are expected to benefit from the single European market, although optimism about this may be short-lived as growing numbers of banks compete for market share.

A positive outlook is also forecast for profitability in interest rate futures and currency options, as key products in the management of interest rates and currency volatility. However, profits are likely to be generated more by their use in financial engineering than in speculation.

Many UK-based firms worry that regulation in London may chase business away to other European centres. This trend may be further encouraged as 1992 approaches and Continental European markets grow increasingly unregulated and competitive.

Riggs National Bank buys stake in Valmet

By William Dullforce in Geneva

RIGGS National Bank of the US has taken a 51 per cent holding in Valmet, a Geneva-based finance company with offices in Lugano and Gibraltar. The price was not disclosed but Valmet's capital has been raised from SFr150,000 to SFr2m ($1.22m) and its name has been changed to Riggs Valmet.

Valmet, which is owned by its partners and management, specialised in portfolio management, fiduciary activities and corporate consultancy.

The Riggs National Bank provides financial services to individuals, corporations, government agencies and diplomatic missions in Washington DC, where its headquarters is.

Its holding company, Riggs National Corporation, has more than $7bn in assets and is responsible for fiduciary assets of more than $21bn.

Mr Christian Michel and Mr Michel Saba, Valmet's two main shareholders, retain minority stakes and will serve as chairman and vice chairman of Riggs Valmet's executive board.

Taiwan to raise T$8bn in China Steel share sale

THE TAIWAN Government is to sell about 150m shares in China Steel Corporation early next month in a move aimed at stepping up its privatisation drive, Reuter reports.

According to local analysts the flotation, which will represent Taiwan's largest-ever share offering, will raise close to T$8bn (US$293m).

The shares will be priced at T$52.81 each, or 85 per cent of the market price. Shearson-Global Financial Services, a joint venture of Shearson Lehman Hutton Group and Taiwan's Global Investment Holdings, is consultant to the offering.

Mr Liang Chang, Shearson-Global president, said the offer would provide more products to local investors and help the Government sook up some excess liquidity. "As this is for long-term investment, we believe it will have little impact on the local stock market," he added.

China Steel is one of Taiwan's largest listed groups. The public holds 1.7 per cent of its shares, state-owned Taiwan Power 2.5 per cent and the Treasury the rest.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Thursday March 30 1989

Figures in parentheses show number of stocks per section

Equity groups & sub-sections	Index No.
1 CAPITAL GOODS (207)	941.51
2 Building Materials (28)	1187.02
3 Contracting, Construction (30)	1739.82
4 Electricals (10)	2751.07
5 Electronics (30)	2093.69
6 Mechanical Engineering (55)	505.03
8 Metals and Metal Forming (7)	492.95
9 Motors (17)	307.89
10 Other Industrial Materials (22)	1596.50
21 CONSUMER GROUP (186)	1261.21
22 Brewers and Distillers (22)	1264.10
25 Food Manufacturing (20)	1016.18
26 Food Retailing (15)	1971.77
27 Health and Household (13)	2148.12
29 Leisure (33)	1602.18
31 Packaging & Paper (17)	592.95
32 Publishing & Printing (16)	3684.34
34 Stores (33)	760.09
35 Textiles (15)	511.33
40 OTHER GROUPS (94)	1056.32
41 Agencies (18)	1247.49
42 Chemicals (22)	1261.84
43 Conglomerates (11)	1499.35
45 Shipping and Transport (13)	2335.19
47 Telephone Networks (2)	1091.81
48 Miscellaneous (28)	1484.92
49 INDUSTRIAL GROUP (487)	1096.64
51 Oil & Gas (13)	1953.69
59 500 SHARE INDEX (500)	1169.52
61 FINANCIAL GROUP (126)	742.37
62 Banks (8)	723.79
65 Insurance (Life) (9)	1108.41
66 Insurance (Composite) (7)	592.34
67 Insurance (Brokers) (7)	961.92
68 Merchant Banks (11)	332.78
69 Property (53)	1321.08
70 Other Financial (32)	372.23
71 Investment Trusts (73)	1085.29
81 Mining Finance (2)	648.78
91 Overseas Traders (8)	1481.57
99 ALL-SHARE INDEX (709)	1065.26
FT-SE 100 SHARE INDEX♦	2049.4

FIXED INTEREST

PRICE INDICES	Thu Mar 30	Day's change %	Wed Mar 29	xd adj. today	xd adj. 1989 to date
British Government					
1 5 years	117.90	-0.03	117.93	–	3.37
2 5-15 years	134.53	-0.23	134.84	–	2.89
3 Over 15 years	145.84	-0.41	146.45	–	4.56
4 Irredeemables	173.87	-0.62	174.14	–	1.51
5 All stocks	131.88	-0.19	132.13	–	3.29
Index-Linked					
6 5 years	132.66	-0.05	132.73	–	1.36
7 Over 5 years	133.90	-0.14	134.09	–	0.95
8 All stocks	133.73	-0.14	133.91	–	0.95
9 Debentures & Loans	117.63	+0.05	117.57	–	2.14
10 Preferences	89.53	+0.02	89.53	0.20	1.32

AVERAGE GROSS REDEMPTION YIELDS

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	3	95	11
Corporations, Dominion and Foreign Bonds	1	11	32
Industrials	288	585	702
Financial and Properties	102	201	356
Oils	12	39	47
Plantations	1	0	11
Mines	31	36	118
Others	74	62	95
Totals	512	1,029	1,372

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

RIGHTS OFFERS

TRADITIONAL OPTIONS

● First Dealings Mar 20
● Last Dealings Apr 7
● Last Declarations Jun 29
● For settlement Jul 10

For rate indications see end of London Share Service

Calls in Eagle Trust, Con Term, Butte, RTZ, Amber Day, Marinex, Hugh Mackay, FICO, Tyndall, AB Eng, Charterhall. Put in Butte.

LONDON TRADED OPTIONS

BRITISH GAS accounted for no less than 17 per cent of dealings on the London Traded Options Market yesterday, attracting 6,892 contracts, out of a market total of 40,480, as the underlying share price lost 4½p to 178½p. There was evidently combination trading going on, with the June 180 puts attracting 1,000 contracts, partly opening, the December 180 puts also around 1,000, entirely opening, and the December 180 puts as many as 3,000, to bring almost entirely a net opening of position.

The expiry of the FT-SE 100 Index March contract on Liffe today led to some rolling on of positions to June. There were reports of a temporary dip in the March index contract to a discount on the underlying market, but the day ended with the overall futures index trading continuing to give an upwards drag to the index.

The index itself lost 22.3 points on balance to 2,048.4, without any particular fundamental development.

Sterling showed some weakness, and there were some weaknesses shown by way of the Liffe interest rate positions, but the three-month interbank sterling rate held steady at 13 per cent.

It was a day when the options market saw more interest in other markets than in its own, with two or three stocks to be set apart.

British Gas aside, the most heavily traded stock was Cable & Wireless, in which activity in the April calls meant there was business of 3,042 contracts, mostly call.

Rolls-Royce attracted 1,794 contracts, consisting of 961 calls and 833 puts. British Aerospace found attention on the underlying market on the back of a conflict of views among analysts over the value of the Rover concern, but saw little on the options market.

Hanson attracted 1,380 contracts, of which 1,356 were call and only 4 put, and there was some activity in British Petroleum, once again, with 1,597 contracts traded in the stock.

UK COMPANY NEWS

Lower circulations and the failure of Extel Sports inhibit profits

United Newspapers up to £107.7m

By John Thornhill

THE TOUGH trading environment for national newspapers and the failure of Extel Sports to challenge live televised horse racing services held profits at United Newspapers to £107.73m in 1988, a 13 per cent gain on the previous £95.61m.

Turnover rose by 5 per cent to £753.8m (£716.6m).

Lord Stevens of Ludgate, chairman, said that profits from its national newspapers, which include the Daily Express, the Sunday Express and The Star, had fallen from £33.15m to £31.64m.

Newspaper circulations had *dropped "in the face of some* enormous promotional spending by all our principal competitors, a practice which shows no sign of abating and which cannot, in the long run, be a sensible appropriation of hard-won revenues", he said.

Labour reductions and the building and equipping of new production centres in Manchester, Broughton and London's Docklands would continue, he said.

It was announced in January that Extel would close its racing information service in June this year, after losing a significant number of subscribers to satellite televison services.

But Lord Stevens said that Extel Financial had increased its profits by 29 per cent despite a general retrenchment in the financial services sector.

The group's regional newspapers, benefiting from earlier rationalisations and buoyed by higher advertising revennes, recorded a 32 per cent increase in profits to £20.29m (£15.35m). Its advertising periodicals also did well from high advertising volumes and showed profits of £18.2m (£14.37m).

A full year's contribution from Benn Brothers helped the magazines and exhibitions division increase profits to £13.46m (£11.64m), despite significant start-up costs associated witb two titles, Anto Express, a joint venture with Axel Springer Verlag, the West German publishing group, and Morgan-Grampian's Transport Week.


Lord Stevens: hit by enormous spending by all competitors

US trading profits, strengthened by contributions from recent acquisitions but adversely affected by exchange rates, advanced from £16.88m to £22.74m.

Although earnings per share slipped by 8 per cent at the interim stage, United announced an increase of almost 4 per cent in yearly earnings to 37.5p (36.2p) per share.

A final dividend of 13p (12p) is recommended, which will make a total of 20.5p (19p).

Lord Stevens said that, although trading conditions would continna to be highly competitive, United had made a satisfactory start to 1989.

See Lex

Disk subsidiary pulls Habit into loss of £0.96m

By Graham Deller

OPERATING LOSSES sustained by its Crosby Disks computer substrates snbsidiary led to Habit Precision Engineering incurring a pre-tax deficit of £956,000 in the 12 months to September 31. Turnover was £17.99m.

In the previous year, the acquisitive indnstrial diamonds and precision engineering group achieved profits of £1.5m on turnover of £17.71m.

Since the year-end, Habit has closed Crosby, where operating losses increased over the year from £234,000 to £1.21m, and a full provision of £2.53m against future losses was taken below the lina as an extraordinary item.

Mr David Willetts, appointed chairman in January this year, said that the core diamond division increased sales and profits by *some 20 per cent – operating* profits expanded from £726,000 to £861,000.

Losses per 5p share were 6.05p against earnings of 7.55p. The directors are not recommending payment of a final dividend.

SIS placing will reduce bookies' stake

SIS, the company set up in late 1986 to transmit racing pictures to betting shops, is holding a private placing to reduce the stake held by bookmakers, writes Vanessa Houlder.

The placing of about 26 per cent of SIS's equity will satisfy an agreement struck with the Racecourse Association in 1987, whicb limited bookmakers' holdings to 45 per cent. This was designed to protect the interests of the small independent bookmakers.

The shareholdings of Bass, Grand Metropolitan and Ladbroke – which currently own 66 per cent of the shares – will be reduced to 45 per cent. Sears, which has no bookmaking interests after the sale of William Hill, will reduce its holding from 19.1 per cent 12.9 per cent.

The other shareholders are the Racecourse Associstion and the Horserace Totalisator Board, which will increase its stake from 5 per cent to 5 per cent. The placing, which is also expected to raise some money for SIS, is likely to take place in June. SIS said that it planned to apply for a listing no later than 1992.

Wills Group up 9% to £1.39m

Wills Group, the international trading company and financial services company that is a subsidiary of Australian Investors Corporation, saw pre-tax profits edge up 9 per cent in 1988. The taxable result of £1.39m came from turnover down from £30.47m to £26.16m.

To reduce borrowings the gronp is to transfer about A$40m (£19.1m) of the client loan acounts of its Australasian Financial Services Division to BNZ International Australia.

This creates a loss to shareholders of £2.6m (£310,000). Consequently there is no dividend. Earnings, however, advanced to 7.8p (6.7p).

DIVIDENDS ANNOUNCED

Alida Holdings ....fin	7.5	-	6.75	10.5	9.25
Beazer ....int	2.45	-	2.1	-	6.35
Brooks Service ....fin	3.4	May 23	2.8	5	4.2
Burmah Oil† ....fin	12	-	10.5	19	16.5
Cliffords Foods ....fin	6.4	May 19	5.5	10	8.8
Clinton Cards § ....fin	2.53	May 31	-	3.53	-
Cooper (Fred) ....int	1.35	-	1.1	-	3.25
Corporate Ests § ....fin	1.75	-	0.45	3	0.75
Gardner (DC) § ....fin	2.2	-	-	3.3	-
Habit Precision ....fin	nil	-	1.5	0.8	2.3
Jeyes Group § ....fin	0.9	June 30	-	0.9	-
Lambert Howarth ....fin	6	-	6	8.5	8.5
Macfarlane Group ....fin	2.6†	-	2.06	4.35	3.312
Molins ....fin	7.1	-	7.1	9.6	9.6
More O'Ferrall ....fin	7.6	May 30	5.4	10	7.2
Murray Ventures ....int	2.5	-	2.15	-	e
N Sea & Genl § ....fin	0.5	-	-	1	-
Plasmec § ....fin	2.7	-	1.8	4.2	2.8
Senior Eng ....fin	1.6	-	1.29	2.6	2.2
Town Centre Sec ....int	0.6	-	0.5	-	1.5
United News'pers ....fin	13	-	12	20.5	19
Weir Group ....fin	4.75†	June 12	3.25	7	4.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ΦThird market.

Weak dollar and falling oil price hits Lasmo result

By John Ridding

LOW CRUDE oil prices and a weak dollar prompted a 56 per cent fall in pre-tax profits for London and Scottish Marine Oil, from £36m in 1987 to £16m last year.

However, the company received a tax credit of £10.9m, which, with minority interests, brought net profits to £28m compared with £22m in 1987. A profit of £195m realised on the sale of its Enterprise Oil stake was taken as an extraordinary item making total profits £223m.

Turnover fell 13 per cent to £149.7m, and earnings per share edged up to 12.5p (12.4p). The board has proposed a final net dividend of 6p making a total for the year of 8.5p (7.7p).

Operating profit fell from £30.9m to £4.9m and profits from its share in Enterprise Oil, now sold, equalled £16.6m. Administration costs rose from £7.9m to £10.8m reflecting an increase in staff.

During the year production averaged 52,700 barrels of oil equivalent per day (boepd), an increase of 21 per cent over 1987. However, the weak market and exchange rate movements meant that the average sterling price per barrel was around £2 less which, according to Lasmo, gave the lowest annual average for the company's history.

Mr Chris Greentree, Chief Execntive, said that Lasmo anticipates improved stablity in the oil market. In addition, he said that Thomson North Sea, the company's largest acquisition which was made earlier this year, would help in boosting production rates to around 90,000 boepd by the end of this year.

At the end of 1988 Lasmo had net cash or near cash of £265m compared with a net debt position at the end of 1987 of £120m. Exclnding acquisitions, there was capital expenditure of £60m in 1988, ronghly the same as 1987. Increased capital expenditure and a greatly expanded drilling programme has been budgeted for the current year.

● COMMENT

Lasmo came in bang in line with expectations illustrating the parlous state of the market last year. This year, however, the company should see dramatic improvement. On the one hand the swapping of its Enterprise equity stake for the loan notes from Elf sbould bring net interest receivable of about £25m. In addition, the oil market itself, while likely to ease from current levels sbould still remain stronger than last year and analysts estimate that stronger prices combined with the higher dollar should see around a 15 per cent increase in sterling oil prices. Lasmo will doubly benefit because of the expected increase in production from a daily average of 52,700 to one of 81,000. Against this the company will likely return to paying tax, perhaps in the region of £15m. Much of the speculative froth has now disappeared from the share price which, this year has underperformed the sector. Nonetheless an element of bid speculation remains. More broadly, Lasmo will have to start delivering on its exploration promise. So far the shares have been trading on expectations of what may be discovered but with a large drilling programme about to start the crunch time is nearing. Overall, analysts are predicting net profits in the region of £55m, placing shares on a multiple of around 20.

Trafalgar House

Trafalgar Honse, the diversified property, construction, energy and shipping group, has set up a new company called Goldquill Properties to *handle* its property trading activities.

The new company has taken under its charge group properties held for trading, as opposed to investment purposes and has begun to acquire others.

BOARD MEETINGS

TODAY

Interims- Bermuda Intl Bond.

Finals- ASEA, *Coates Brothers*, Elys (Wimbledon), Eurotunnel, Gibbs & Dandy, Goal Petroleum, Plastic Constructions, Record, *Triplevest*.

FUTURE DATES

Interims-	
Cosalt	Apr 24
Grand Metropolitan	May 11
Kalamazoo	Apr 27
Lowland Investment	Apr 24
Morland	May 18
Ptarmigan	Apr 6
Smiths Industries	Apr 12
Finals-	
Ash & Lacey	Apr 11
Avis Europe	Apr 12
BAA	Jun 12
Baird (William)	Apr 6
British Alcan Aluminium	Apr 4
British & Commonwealth	Apr 6
Dagenham Motors	Apr 5
Esmond	Apr 3
English National Inv	Apr 19
Fairhaven International	Apr 5
Fortnum & Mason	Apr 10
Liberty	Apr 20
Lowndes Queensway	May 9
Mecca Leisure	Apr 12
Page (Michael)	Apr 12
Pennine Optical	Apr 10
Quicks	Apr 6
RKF	Apr 7
Redland	Apr 27
Rockwood	Apr 5
Scottish American Inv	Apr 19
Sovereign Oil & Gas	Apr 25
Titaghur Jute Factory	May 2
Tronoh Mines Malaysia	Apr 4
Witan Investment	May 16

Burmah shares lower despite 12% profits increase to £88m

By John Ridding

BURMAH OIL, the lubricants and fuels group, yesterday announced profits after tax of £88.1m for 1988, an increase of 12 per cent over 1987. However, £8.4m of the improvement resulted from a single property sale, and the market, apparently concerned by the prospect of more difficult trading this year, marked the share price down 23p to 542p.

The rise would have been greater but for a change in accounting practice whereby average, instead of year-end, exchange rates were used. This change applied to all but hyper-inflationary countries and added £2.1m to 1988 profits and £7.6m to the restated 1987 figures.

Turnover rose by 8.6 per cent to £1.37m and profits before tax by 7 per cent to £146.2m.

The improvement came despite an adverse impact of £8.5m on trading profits from translation of overseas earnings and a 58 per cent increase in interest charges resulting from Burmah's £150m investment and acquisition programme.

Net profits, however, benefited from a decline in effective tax rates. This reflected a higher share of UK profits in the total and broadly stable overseas charges resulting from lower rates in the US, Australia and Malaysia.

The principal factor in the improvement was the lubricants division, dominated by Castrol. Trading profits rose by 9.3 per cent to £112.2m on turnover up by around 14 per cent. An adverse currency effect of £5.5m was more than offset by the sale of the group's Rotherhithe factory for £8.4m.

Fuels also performed well, increasing trading profits by over 60 per cent to £14.8m. To a large extent, this reflected the acquisition of ICI's retail network at the end of 1987.

There were setbacks, however, at both specialty chemicals and energy investments divisions. In the former, profits fell by around 5 per cent to £15.7m. According to Mr Lawrence Urquhart, chief executive, this resulted from adverse currency movements and revenue investments but also from losses in its water treatment business.

Energy investments experienced a 21 per cent fall in profits to £8.8m as a result of the effect of lower oil prices on Premier Consolidated Oilfields, in which Burmah now has a 29.8 per cent stake.

During the year the group continued to build its capital and strategic investments, spending £71m on acquisitions and £88m on capital expenditure. In addition, Castrol companies were established in five new countries.

Mr Urquhart said Burmah would continue to pursue its strategy of relatively small acquisitions – up to the £10m level. More substantial possibilities were also under consideration.

Earnings rose by 10.5 per cent to 49.34p (44.63p) and a final dividend of 12p was recommended making a total of 19p (16.5p).

See Lex

Alida shares hit by first quarter profits warning

By Nikki Tait

ECONOMIC uncertainties are reducing customer demand at Alida Holdings, the polythene packaging manufacturer. The company yesterday warned that this, coupled with destocking by certain customers, meant that profits in the first quarter of 1989 will be below budget.

The statement came as the company announced pre-tax profits for 1988 up from £4.41m to £5.12m, on sales of £65.31m (£51.87m). Earnings per share rose from 25.2p to 32.8p. The recommended final dividend is 7.5p, for a total of 10.5p.

Alida shares yesterday fell 40p to 320p.

The group said that pre-tax profits from its manufacturing business showed a healthy 31 per cent advance, largely thanks to "excellent performances" from its Heanor-based subsidiaries which make and supply polythene plastic bags.

Overall, profits from manufacturing were £3.77m (£2.98m).

On the distribution side, polymer activities showed a 29 per cent improvement, but packaging distribntion saw profits slip by 19 per cent. Overall, this meant an 8 per cent decline in distribution profits to £1.57m.

With regard to the current year, Alida said that demand from its food manufacturing customers – who account for about 60 per cent of its business – is down by perhaps 5 per cent, but in certain other areas – certain retail customers or white goods, for example – the fall is nearer 15-20 per cent.

Two acquisitions for Chas Baynes

Charles Baynes, the former shell company where South African entrepreneur Mr Bruce McInnes stepped in about 17 months ago, yesterday announced that it was buying the general packaging distribution division of Alida, the plastic packaging group.

It is also acquiring Harris & Elgar, a manufacturer and supplier of stainless steel fasteners and fixings for the construction industry, from Delta. Purchase price for the former is £7m, plus the repayment of £0.5m of inter-company debt. For the latter, it is net asset value plus a premium of £1.15m. Baynes is making an initial payment of £2.5m.

In 1988, the Alida business – which comprises eight separate companies – made pre-tax profits of £1m on sales of around £13.5m. Net assets were £13.5m. Despite a fall in profits last year, Baynes maintains that there is scope for improving efficiency through centralised controls, purchasing and so on.

H&E, meanwhile, made pre-tax profits of £0.5m last year on sales of £5.7m. Net assets should be not less than £1.35m on completion.

The company is paying via the issue of a total 35.6m new shares, which have been conditionally placed by Robert Fleming at 28p a share. There is a claw-back for existing shareholders over 24.9m shares, on a basis of 11 new shares for 29 held.

Miss World certain to win Piccadilly bid

By Martin Regan

Miss World, the *entertainments* group, is now certain to win its battle for control of Piccadilly Radio, following a shareholders' vote to amend the station's articles – the last barrier to its £39.5m offer.

At a meeting yesterday in Manchester's St James's Club, two amendments relating to the articles were passed by 89.02 per cent to 10.98 per cent of votes cast, well above the 75 per cent majority required. More than 99 per cent of votes were declared.

A special class meeting of voting shareholders was then convened to ratify the changes, which were passed unanimously *on a show of hands*.

The effect of the vote is to abolish the 15 per cent ceiling on individual shareholdings and allow the offer to proceed. The offer is already unconditional as to acceptances.

Miss World has received acceptances in respect of 66.93 per cent of ordinary shares and 68.53 per cent of non-voting shares which it did not hold prior to March 23. The offer itself is likely to be made unconditional in the next few days, subject to IBA approval and other technical matters.

Mr Owen Oystou, the Lancashire entrepreneur who heads the Miss World group, reiterated his pledge of no staff redundancies and also revealed that he had asked the present board to stay on.

Piccadilly will now link up with the Preston-based Red Rose Radio to form what Mr Oyston termed "the Granada of local radio".

Beazer up 30% despite £8m contracting loss

PRE-TAX PROFITS at Beazer, the international housebuilder, building materials and contracting group, rose by 30 per cent to £54.5m in the six months to the end of December, in spite of an £8m loss on contracting.

Mr Brian Beazer, chairman and chief executive, blamed the losses at the UK contractor French Kier on difficult contracts and misjudgements over estimating construction costs, particularly for labour.

The contracting division had been reorganised. Mr Richard Allen, group managing director for contracting, who joined the Beazer board when it acquired French Kier in 1986, resigned in February.

Turnover during the six months, excluding sales from Koppers the US group acquired last June, rose from £579m to £777.3m. Koppers was treated as an associate for the six months to the end of December.

Beazer has now bought out Shearson Lehman Hutton and National Westminster Bank, its partners in BNS the company which acquired Koppers. As a result Koppers, renamed Beazer Materials & Services, would be treated as a wholly-owned subsidiary from January 1.

The group had restructured its debt as a result of the deal, raising loans of $2.3bn from international banks. It had also raised $854m from the sale of Koppers' businesses.

Assuming full conversion of loan stock the group would show a debt/equity ratio of 1.12 to 1.

Mr Beazer said: "The group is now nine months into the current financial year, and turnover and profits are substantially ahead of last year."

The housing market had become more difficult in some parts of the UK but conditions in the north remained good, said Mr Beazer.

Building materials sales, outside of the depressed market of Texas, remained good. Housing sales in the US were 50 per cent higher than at this stage last year.

European operating profits before interest, including UK housing and contracting operations, rose from £30.4m to £39.8m. US profits rose from £20.4m to £68.7m helped by the first full six months profits from Koppers.

Earnings per share, fully diluted, rose by 24 per cent to 11.23p (9.05p). The interim dividend of 2.45p (2.1) was increased by 17 per cent.

● COMMENT

Yesterday's 15p fall in Beazer's share price is readily explainable – a worse-than-expected £8m loss at French Kier, and some obfuscation over the contribution from Koppers – but the market's view of the company remains deeply divided. At 199p the shares are on a prospective multiple of around 7¼ which, taken independently, looks about right for both UK housebuilding and US building materials. Taken together the two parts make up a £2bn turnover empire, whose management systems may not yet be up to the job. It may also be asked whether gearing of 110 per cent does not deserve some kind of discount, and it is unsettling to hear that off-balance sheet expansion is still on the cards, this time through the medium of joint ventures. On the other hand there are those who see Koppers as a master-stroke, and they could yet prove right. Beazer remains one of the riskiest and most interesting investments in its sector.

Mr Brian Beazer, chairman: conditions in north still good

Molins upsets City as falling demand cuts profits to £6m

By Andrew Hill

A DOWNTURN in demand for cigarette-making machinery in developing countries hit profits at Molins in the year to December 31, cutting the share price by 12 per cent, and increasing the group's vulnerability to a bid.

Molins, which is also involved in the manufacture of security printing and packaging machinery, warned at the halfway stage that delays in signing a major contract to supply machines to China might hit profits.

In the event the fall – from £10.2m to £6m before tax – was far greater than the City had expected and the shares dropped 30p to 226p.

Turnover rose from £103.5m to £126.7m. Earnings per share fell from 21.9p to 6.9p, but the final dividend is maintained at 7.1p, making an unchanged 9.6p for the year.

In 1987, Tozer Kemsley & Millbourn, the Brierley group's quoted UK subsidiary, bid 300p per share for Molins.

The bid lapsed following opposition from M & G, the investment manager which still holds an 18 per cent stake.

Sir Ron Brierley's Industrial Equity (Pacific) investment subsidiary has held a 29 per cent stake in Molins since then, but is thought unlikely to bid again.

Molins' problems in 1988 arose at its Saunderton subsidiary, near High Wycombe, which accounts for about 60 per cent of tobacco machinery sales. As a result the group has brought forward rationalisation at the site.

Extraordinary provisions cut a further £7.9m from profits and the net extraordinary charge was £6.8m.

Tax rose to 65 per cent (36 per cent) reflecting the impact of a higher advanced corporation tax charge on lower UK trading results.

These two factors led to an attributable loss of £4.7m, compared with a profit of £3.5m in 1987.

● COMMENT

Molins' problems during 1988 prompted the group to throw in a few extra nasties that they had hoped to save until 1989, in particular the extraordinary provisions against restructuring at the Saunderton site, which the group says will not be repeated this year. The experience could also persuade Molins to speed up its strategy of reducing dependency on the tobacco business. Mr Michael Wright, managing director, hopes it will contribute less than 25 per cent of sales within five years. There will be some improvement during 1989 and analysts' forecasts range from £9m to £10.5m before tax. The lower forecast, and a tax rate of just over 40 per cent, put the shares on a prospective multiple of about 13. Sir Ron may be open to offers for IEP's stake, but on that basis it is difficult to know who would want it.

Royal Insurance reveals sharp cut in reinsurance protection

By Nick Bunker

A DRAMATIC fall in the amount of reinsurance protection being bought by the UK's Royal Insurance has been revealed in its 1988 annual report.

Last year Royal spent only £357.7m on buying reinsurance, which shields insurers against abnormally large build-ups of claims, 22 per cent less than the 1987 figure of £461.4m. In 1986, Royal spent £503.2m on reinsurance.

The figures are significant in showing the way that as property and liability insurance companies grow they feel able to carry more of their own risks, rather than lay them off with reinsurers such as Lloyd's.

Less of the non-communist world's estimated $400bn (£236bn) of non-life insurance premiums is flowing into reinsurance, squeezing the turnover of reinsurance brokers. In 1988, Royal retained 90.2 per cent of its £3.65bn of premiums, paying away only 9.8 per cent to reinsurers, compared with a retention of 87.4 per cent in 1987.

Mr Roy Randall, Royal's head of corporate affairs, said the fact that reinsurance prices were weakening had "only a marginal effect" on the fall in its reinsurance costs.

He said the true explanation lay in changes in reinsurance buying at Royal US, and Royal International, covering territories including Australasia and continental Europe.

In these areas Royal is buying less "proportional" reinsurance, where the reinsurer takes a fixed percentage of the insurer's losses, and more "excess-of-loss" reinsurance, where the reinsurer pays claims in excess of a given amount.

In the UK, though, Royal bought more reinsurance in 1988, paying about £2m to enable it to recover £70m of weather-related household insurance losses, in the event of a catastrophe like the 1987 hurricane. When the hurricane hit, Royal had no reinsurance protection for this type of risk in the UK.

Amanda increases bid for Universal to $698m

By Clay Harris

AMANDA Acquisition Corporation, a US company linked to Berisford International, the UK-based sugar processor, commodities trader and property investor, has raised its hostile takeover bid for Universal Foods Corporation, a Milwaukee-based food products group, to $698m (£414m).

Charterhouse Bank, Berisford's financial adviser, said, however, that the revised terms of Amanda's bid – an increase in the cash offer from $35 to $38 a share – did not involve any increased financial exposure for Berisford itself.

Berisford's role in the bid has been questioned by Associated British Foods, the UK milling and baking group which owns 23.7 per cent of Berisford and once tried to take it over. ABF tried in February to force Berisford to submit its involvement in the US deal to a vote of shareholders.

Berisford refused, and the Stock Exchange later determined that its total contribution to the bid was $195m, or 24 per cent of Berisford's net assets, just short of the level at which shareholder approval would be required.

Amanda is a subsidiary of High Voltage Engineering, a US company in which Berisford, as a limited partner, has an interest of just less than 50 per cent.

Mr Harry Bailey, ABF's finance director, agreed that on available evidence, it appeared that Berisford's exposure had not been increased by Amanda's higher offer.

Bass adds to Coral chain with £19.2m acquisition

By Lisa Wood

BASS, the brewing and leisure group which owns Coral Bookmakers, Britain's third largest betting shop chain, is buying Leisure Bookmakers in a deal worth up to £19.2m.

Leisure Bookmakers, which is owned by Leading Leisure, the entertainment and property group, operates 76 betting shops and holds a further five licences. The business, mainly located in the south of England, made an operating profit before tax of £400,000 on turnover of £27.4m in the year to October 31 1988.

Coral, which operates 991 betting shops, denied that its decision to acquire Leisure had been provoked by the growing rationalisation in the industry. Recently Grand Metropolitan's Mecca Bookmakers acquired fellow bookmaker William Hill and created Britain's second largest betting shop chain after Ladbroke, the market leader.

Under the terms of the acquisition Leading Leisure will retain as investment properties 19 freehold properties and one long leasehold property all currently occupied by Leisure.

Leading Leisure said that while it was its current intention to retain these properties, there was a put option prior to November 30 1989, in favour of Leading Leisure to dispose of these to Coral.

The total consideration in this event would be £19.2m in cash. At present Leading Leisure will receive £12m and will receive further amounts as leases are assigned and new licences are granted to Coral.

Gold Fields and Minorco react to Panel request

Consolidated Gold Fields, the UK diversified mining group, yesterday admitted that the Takeover Panel had asked it "to clarify certain aspects of the valuation approach adopted" in a letter to shareholders on March 8 about the £3.1bn bid from Minorco, writes Kenneth Gooding.

Minorco, the South African-controlled investment company, suggested this represented a significant wrap on the knuckles for Gold Fields.

However, Gold Fields, which made the clarification in another letter sent to shareholders on Wednesday, attempted to dismiss the situation as of little importance.

"The Takeover Panel has not ruled Gold Fields' overall approach is either misleading or unacceptable," it stated.

SBC resigns as Eagle broker

By Nikki Tait

SWISS BANK Corporation has resigned as stockbroker and merchant bank adviser to Eagle Trust, the one-time high-flying mini-conglomerate whose shares have never recovered from the 1987 crash.

Charterhouse Bank is to take over as Eagle's new merchant bank advisers. The company says it is seeking a new stockbroker "with speed".

Yesterday SBC, which takes in the former Savory Milln stockbroking business, said that it had decided to resign after a "breakdown in communication" between themselves and the company. A spokesman for Eagle Trust, however, maintained that the group decided to switch advisers in the light of three departures from SBC. These, it said, had been its principle points of contact at the bank.

Elaborating on its own account of the split, SBC commented, "The sort of dialogue which should take place between advisers and a company was not taking place. We were reading things in the press which gave us considerable disquiet." SBC said that it did not know whether the stories had any veracity since the company had not discussed them with SBC.

In the light of this failure to invite the advisers "into the inner sanctum", SBC said it felt it should step down.

The former advisers did, however, concede that the problem had been exacerbated by the staff departures. These involved three individuals on the corporate finance, sales and research sides, who have left the group in recent months. SBC added that Eagle Trust had not refused to discuss matters, but that meetings never seemed to crystallise.

Eagle Trust, however, maintained that any breakdown in communication was due to these departures. Mr John Ferriday, the company's new chairman and chief executive, was not available for comment.

Eagle Trust was formed by a complex three-way merger between Mitchell Somers, a Midland-based engineering group, the former loss-making Audiotronics Holdings, and an unquoted company called Midland City Partnership, two years ago. The shares powered to over 50p in July, but slumped to just 10.25p in late-1988. They were 0.25p lower at 14.25p yesterday.

Mr Leslie Thomas, the former non-executive chairman of Mitchell Somers became non-executive chairman of Eagle after the merger but resigned in October. Since then, he has been publicly critical of Eagle's financial controls, although Mr Ferriday has strongly rejected the allegations.

UK COMPANY NEWS

Good growth in most divisions despite restructuring costs

Senior Engineering up to £13.6m

By John Thornhill

SENIOR ENGINEERING Group yesterday announced a 47 per cent increase in pre-tax profits from £9.3m to £13.6m in the year to December 31.

Turnover rose by 44 per cent to £206.8m (£143.5m) and after tax of £4.41m (£2.71m) earnings per share grew by 20 per cent to 6.27p (5.22p). A final dividend of 1.6p has been proposed, making 2.6p (2.2p) for the year.

Extraordinary losses of £3.77m were incurred during the year, including a £1.58m cost resulting from restructuring of the UK mining equipment division and a £2.19m loss from the sale of the Penn Machine Company in November. After these charges and dividend payments totalling £3.8m (£3.16m), retained profit for the year was down to £1.5m from the previous year's £3.39m.

Senior made several acquisitions during the year, including Moducel, Durham Tube, Foster Wheeler Power Products, and TI Flexible Tubes, although their contribution to profits was not stated.

For the first time, the company broke down its turnover and profit by division: construction services made pre-tax profits of £1.71m (£2.05m) on turnover of £34.99m (£22.6m); engineering products £3.34m (£2.07m) on £34.4 (£25.9); heat treatment £1.98m (£1.67m) on £11.66m (£10.4m); mining equipment £2.54m (£1.84m) on £34.4m (£29.16m); thermal engineering £4.61m (£3.07m) on £86.96m (£52.48m); and Australasia £787,000 (£571,000) on £5.48m (£4.4m)

The fall in profits in the construction services division was ascribed to provisions made against two contracts and continuing problems at its Senior Colman subsidiary.

Professor Roland Smith, chairman, said that Senior was developing an engineering group based on serving specific markets but broadly-based enough not to be reliant on narrow trade cycles.

Since the year end, Senior has acquired Guthrie Adams (Heat Treatment) and Premier Tubes, which will be run in association with Senior's other steel tube companies. Further, more substantial, acquisitions are planned in the UK and on the continent, the chairman said.

● COMMENT

Senior's reticence in providing a profits breakdown has finally been overcome, giving a clearer picture of the anatomy of the company. That picture shows that Senior is enjoying good growth in most of its divisions with impressive increases in sales, boosted by acquisitions, and steady gains in margins. The construction services division is the one major exception to the trend but the company claims the fall in profits is a temporary blip which will be overcome this year. The thermal engineering division has also seen a fall in margins but this is mainly due to the time it has taken to reap the full benefits from the Foster Wheeler Power Products acquisition. The increasing margins in the mining equipment sector are particularly noteworthy at a time when others in the field are suffering. Pre-tax profits of about £16m look achievable, excluding possible acquisitions, putting Senior on a prospective p/e ratio of just under 10, which looks reasonable for the current year. Senior would seem to have sound growth potential but it is not going to set the stock market alight.

Roland Smith, chairman: further acquisitions planned

Plaxton disposal

Plaxton is to sell Kirkby Trucks to Sherwood Holdings for some £1.35m cash. The price is in excess of book value.

Enlarged Weir 47% higher at £19.1m

By Vanessa Houlder

BUOYANT MARKET conditions and an exceptional £1.4m profit from a land sale helped Weir Group, the Glasgow-based engineering company, to increase its 1988 profits by 47 per cent to £19.1m from £13.1m.

Acquisitions accounted for about a quarter of the 43 per cent growth in operating profits to £17m. Turnover increased by 25 per cent to £171.4m (£137.3m).

The company reported an "exceptionally good" level of new orders, at £210m, in 1988. These were well spread across its main product and geographical markets. In 1989, some increase is expected in its exports, which account for about 60 per cent of orders.

Engineering products increased profits by 23 per cent to £8.2m (£6.7m) while engineering services improved profits by 58 per cent to £9.26m (£5.85m). The company's sole remaining loss-maker, the Westgarth desalination plant, is expected to move back into profit this year following its merger with Liquid Gas Equipment, which was acquired last year.

Interest income fell from £1.1m to £882,000. Weir's cash balance of £17.4m was boosted this week by the £7m proceeds from the sale of its Howden stake, on which it made a profit of £2.5m. The change in accounting rules on pensions is expected to result in a £1m charge this year.

Earnings per share including exceptional items rose from 17.5p to 26.8p. A final dividend of 4.75p makes a total of 7p (4.5p).

● COMMENT

Yesterday's robust results gave Weir an opportunity to scotch the common perception that it is skewed towards power generation. Its chock-full order book is evenly spread between the power, marine, oil, water and industrial sectors, giving it a relatively secure base over the next few years – even if one or more business begin to falter. Indeed, economic uncertainty is not all bad news for Weir, as it might bring down the cost of acquisitions, allowing its cash pile to come into its own. All this helps explain Weir's premium rating of 11 – based on a pre-tax profits forecast of £21.5m, a tax charge of 22 per cent and a share price, up 2p at 315p. That rating looks justified but in the short term there is likely to be better value elsewhere in the engineering sector.

Macfarlane advances 31% to a record £7.3m

ALL FOUR of its divisions contributed to the record pre-tax profits of £7.3m announced by Macfarlane Group (Clansman), Glasgow-based packaging and printing group, for the year to December 31. That figure was 31 per cent up on the previous £5.58m.

The proposed final dividend is lifted to 2.6p (2.08p) for a total of 4.35p (3.31p). Earnings were 14.3p (12.3p) after tax of £2.65m (£1.71m).

Turnover advanced 27 per cent to £85.44m (£67.16m) and the chairman said that progress had continued in 1989 with sales and profits ahead of this time last year.

Order books remained healthy and the group was continuing to pursue suitable investment opportunities to contribute to further earnings growth, he said.

Manufacturing facilities were streamlined in the packaging division by amalgamating four businesses, resulting in one large company, Clansman Cases. The group intended to strengthen its packaging distribution in the UK and to extend it into Europe by acquiring additional facilities.

There was an exceptional charge of £98,000 (nil). An extraordinary £67,000 (nil) debit comprised disposal, closure and reorganisation costs.

Consumer spending boost helps Brooks top £2m

BROOKS SERVICE Group, the retail dry cleaning and linen supply company, yesterday reported taxable profits 26 per cent higher in 1988 at £2.05m. Turnover rose from £14.94m to £16.94m.

Mr Simon Brooks, chairman, said that the textile rental operations showed a year-on-year profits increase of 35 per cent, reflecting higher consumer spending in restaurants and hotels. The workwear side achieved higher margins.

However, margins in the retail business were reduced after the acquisition of eight more branches – although established shops showed significant profits increases over the year, he stated.

The group has also expanded into the security business through the purchase of Focus, a Bristol-based closed circuit television company. Maximum consideration is £805,000.

Earnings per share were 14.1p (11.2p). The recommended final dividend of 3.4p gives a total of 5p (4.2p) for the year.

Corporate Estates strongly ahead at £3.5m

Corporate Estates Properties, enlarged in January via a merger with the Marylebone Estates Company returned profits of £3.53m pre-tax for the 1988 year.

That compares with 1987's £805,085 and with the forecast of not less than £3.25m made at the time of the merger. As a result of the merger the group has gross assets in excess of £70m and net assets of more than £37m, equal to 75p per share.

The year saw turnover accelerate from £5.42m to £29.18m. Basic earnings worked through at 6.84p (2.07p) and fully diluted at 6.61p (1.93p). The final dividend is the forecast 1.75p, which raises the total from 0.75p to 3p. The company's shares are traded on the USM.

Net assets rise at Murray Ventures

Net asset value of Murray Ventures, investment trust, stood at 395.2p at January 31 compared with 316.5p a year earlier. Net revenue for the six months to end-January rose from £709,000 to £898,000 after tax of £299,564 against £279,779.

The interim dividend is raised to 2.5p (2.15p), with earnings ahead from 3.41p to 4.12p.

Murray was one of the first companies to provide finance for management buy-outs, which had proved very profitable, directors said.

Since 1984 profits of £15.3m had been realised from such investments in addition to £5.2m profits from other unlisted investments. A further £4.1m investment in this area was planned.

DC Gardner 73% up at £1m

DC Gardner Group, the USM-quoted company which provides consulting and training services for banks, achieved a 73 per cent jump in pre-tax profits in 1988.

The £1.05m result compared with £605,000 and was struck on turnover more than doubled at £6.09m (£2.93m). After increased tax of £376,000 (£229,000), earnings per 5p share were hoisted to 11.4p (8.7p). The directors have recommended payment of a 2.2p final dividend as forecast, making a total of 3.3p for the year.

With the group's field of operation remaining buoyant, the directors expected growth to continue and they were cautiously confident for the future. On the international front in 1988, the Australian subsidiary incurred a loss but there were favourable signs of improvement, suggesting a profitable result in 1989. The US and Dutch results were in line with expectations.

Food Industries expands to I£6m

Boosted by acquisitions, Food Industries, formerly Merchants' Warehousing, achieved pre-tax profits of I£6.1m (£5.1m) on turnover of £97.44m in 1988. Last full year profits and sales of Merchants' Warehousing amounted to £361,000 and £3.83m respectively.

The results of the Dublin-based conditional and dry storage group reflected full year contributions from Drummonds Minch Norton, and Bailieboro Foods. Results of the Laird Group are included for six months, and of Bailie Foods as a 50 per cent associate for seven months and as a wholly-owned subsidiary for five months.

A final dividend of 2.7p (1.1) is proposed for a total of 4p (2p), payable from earnings of 16.05p (3.42p).

An extraordinary credit of £935,000 (£165,000 debit) related to the disposal of the company's investment in Tara Meats, and property sales.

Directors said that with the core operations firmly in place future growth would come from expansion of existing operations and through acquisitions.

Correction

Prospective Group

The Financial Times incorrectly reported yesterday that Prospective Group incurred an extraordinary debit of £481,000 in the six months to January 31 1989. There was no extraordinary debit for this period. A £481,000 extraordinary debit was incurred in the previous corresponding period.

UK COMPANY NEWS

More O'Ferrall surges to £9.52m

By Clay Harris

MORE O'FERRALL, the outdoor poster contractor which includes Adshel, the dominant force in UK bus shelter advertising, increased pre-tax profits by 34 per cent to £9.52m in 1988.

Aided by a slightly lower tax charge, earnings per share rose by 36 per cent to 25.5p (18.8p). A final dividend of 7.8p (5.4p) raises the total by 39 per cent to 10p (7.2p).

The pre-tax advance from £7.12m came on turnover ahead by 16 per cent to £44.5m (£38.3m). At the operating level, margins improved from 20 per cent to 23.3 per cent.

Mr Russell Gore-Andrews, chairman, said this reflected greater marketing efforts and strict controls on overheads.

Capital expenditure more than doubled to £11m last year, 1988, and similar investment is planned in 1989.

By the year-end, the group intends to have doubled to 60 per cent the proportion of Adshel sites which have been converted to Supersites, back-illuminated panels which command a rate premium of up to 100 per cent.

As a result of last year's spending, net interest payable rose to £839,000 (£554,000), and gearing jumped from 28 per cent to 75 per cent. Mr Trevor Maund, finance director, said gearing was unlikely to breach the 100 per cent level in 1989.

The UK accounted for 84 per cent of operating profit, France and Belgium for 14 per cent and Ireland for 2 per cent. The total comes back to 100 per cent taking account of losses from the group's start-up operation in Taiwan.

Coast-United, which owns 21,000 benches at Californian bus stops, is unlikely in 1989 to do more than cover the costs of financing last year's $5.5m (£3.2m) acquisition.

● COMMENT

Through a swap of sites with privately owned Arthur Maiden, More O'Ferrall has increased its specialist emphasis, on bus shelters at one end of the market and on "supersites" at the other. The latter panels are at least 50 per cent larger than, and sometimes double the size of, the standard 20 ft wide by 10 ft high billboard postar. This leaves Maiden and MAI's Mills & Allen subsidiary to slug it out in the middle ground, although they too are benefiting from the move towards added-value in the sale of poster space, and it is not clear how much real competition there is among contractors these days. More O'Ferrall, in any case, is the only pure play in outdoor advertising, and no one else knows the business better. The Supersite experiment bears this out. The premium rate card has been successfully defended against discounting, and the pay-back period for conversion costs appears to be considerably less than two years. Assuming pre-tax profits of £12.5m, the prospective p/e is just over 11. More O'Ferrall is unlikely to repeat the past year's 60 per cent out-performance of the market, but it should continue to gain ground.

Fred. Cooper moves ahead 46% to £4.5m

By Richard Tomkins, Midlands Correspondent

POOR PROFITS from a big acquisition badly dented growth in earnings per share at Frederick Cooper, the Birmingham-based industrial conglomerate, in the half-year to January 31.

Pre-tax profits for the group rose by nearly 46 per cent, from £3.09m to £4.5m, but fully diluted earnings per share rose by only 5.1 per cent to 8.2p (7.8p).

Cooper's often-repeated objective is to achieve earnings per share growth that ranks the group in the upper quartile of all London-quoted companies. But Mr Eddie Kirk, chairman, said yesterday: "We are going to miss our objective this year."

Mr Kirk blamed poor profits from Lorlin Electronics, the USM-quoted manufacturer of electrical switches and connectors bought for £15.1m in convertible preference shares last year. He claimed that the company had turned out to be operating at only half the previously reported level of profitability and said writs had been issued on its former auditors and directors.

"But Lorlin is responding very well to treatment and I believe it will eventually become one of the star performers of the group," he maintained.

The latest results also include a first-time contribution from another large acquisition – Gibbons of Willenhall, the lockmaker, also bought for convertible stock last year.

Mr Kirk said that underlying profits growth in the rest of the group was nevertheless a highly satisfactory 27 per cent.

Turnover was up from £24.8m to £32.6m and Mr Kirk said the outstanding order book of £16m was at an all-time high.

The dividend is lifted by 23 per cent to 1.35p (1.1p).

Spending on tooling and equipment came to £1.5m in the first half and this should result in several product launches in the second – though some are running behind schedule because of a backlog of work among toolmakers.

● COMMENT

Frederick Cooper's poor earnings per share figure is a grim reminder that a gulf yawns between commitment to high eps growth and its achievement. The shares, however, do not seem to have taken the message to heart: at yesterday's 175p, a likely £9.4m pre-tax this year (meaning 10 per cent growth in eps) leaves them looking unabashed on a p/e multiple of over 10. Probably this reflects confidence in the quality of the management and Mr Kirk's achievements at the company in the three years since he joined. However justifiable that may be – and it is probably quite a bit – the group's vulnerability to a downturn in consumer demand for electrical products and window and door fittings does not suggest that the fight back to high earnings per share growth will be an easy one.

Lambert Howarth hit by surge in imports

By Alice Rawsthorn

LAMBERT HOWARTH, the footwear and luggage group, fell from a pre-tax profit of £2.12m into a loss of £815,000 in 1988 because of the intensely competitive conditions in the UK footwear market.

In the last year Lambert, like the rest of the UK shoe industry, has been hit by a sharp surge of south east Asian imports fuelled by the strength of the pound. This influx has imposed pressure on output and profitability.

The problem of increasing imports was exacerbated by difficulties in launching the new Hitz range of sports shoes. The group has had to write down significant stocks due to these difficulties.

Mr Martin Jordan, non-executive chairman, said he was confident that the group's problems were over. There may be some further "minor reorganisation", but "nothing like the traumas of last year", he said.

Turnover rose to £44.32m (£41.97m), but operating profits fell to £199,000 (£2.34m). The cost of footwear redundancies and expenses associated with the resignation of Mr Alan Linton, the chief executive who left last autumn, were expressed as an exceptional item of £875,000.

Losses per share worked through at 5.8p against earnings of 27.4p. The proposed final dividend of 6p leaves the total unchanged at 8.5p.

The group was last year forced to cut costs at its footwear factories in Lancashire and the Isle of Man. It also closed a factory in Bacup, Lancashire and has reduced its workforce by about 100 people. Mr Jordan said there had been no real improvement in the footwear market since the start of the new financial year, but the factories were now trading profitably.

Lambert encountered problems with Hitz, sports shoes sourced in south east Asia. The quantity ordered was too high and the quality inadequate. Mr Jordan said Hitz had been well received by the marketplace and should now become profitable.

Two years ago Lambert diversified into luggage, by buying Custom Synthetics, which includes the Custom and Globetrotter brand names. It had hoped that the acquisition would counter the cyclicality of the footwear market, but Custom has suffered from intense pressure on margins in the luggage market.

All-round sales growth helps Jeyes advance

Jeyes Group, the health and hygiene products manufacturer which joined the USM last October, lifted pre-tax profits from £1.21m to £1.58m in 1988 on turnover ahead 24 per cent at £36.23m.

The directors said that 40 per cent of sales growth came from expansion of core products, 25 per cent from new products – Parozone Bleach Block and Moists toilet tissue were launched during the year – and 35 per cent from acquired businesses.

UK sales rose by some 20 per cent with household names such as Jeyes Fluid, Parozone, Bloo and Ibcol all achieving record sales. Exports expanded 36 per cent and test markets have been established in a number of overseas countries.

Earnings per 5p share worked through at 15.8p (13.8p) and, as forecast in the prospectus, a final dividend of 0.9p is recommended.

Fleming Investment high income trust launched

By Heather Farmbrough

FLEMING INVESTMENT Trust Management, a subsidiary of Robert Fleming, the merchant bank, is offering its first high income investment trust to the public today. If fully subscribed at the offer price, the Fleming High Income Investment trust will be capitalised at £25m.

The trust is offering 25m ordinary shares at 100p with warrants attached on a one-for-five basis. These confer the right to subscribe for one ordinary share at 100p on August 1 between 1993 and 1998.

The trust will be one of the highest yielding on the market, with a forecast yield of 7 per cent, compared with the current yield on the Financial Times Actuaries All Share index of 4.2 per cent.

In order to provide a target yield of at least 150 per cent above the All Share Index, up to 35 per cent of the fund may be invested in convertible preference shares.

The offer closes on April 12 and trading is expected to start on Wednesday April 19. The minimum application for shares is £1,000.

The offer is being sponsored and underwritten by Robert Fleming and the broker to the issue is County Nat West WoodMac.

Town Centre Securities achieves £2m

Town Centre Securities, the property investor and developer, pushed pre-tax profits ahead by £404,000 to £2.09m in the six months to December 31.

The 1988 profit figure includes property dealing profits of £136,000 (nil). Gross rental and investment income amounted to £5.6m, up from £4.51m, while group revenue before interest charges was up from £3.26m to £4.05m. Tax rose to £730,000 (£580,000), leaving earnings up at 1.48p (1.17p) per share. The directors have declared an increased interim dividend of 0.6p (0.5p).

The company said that profits generated by the investment properties should continue to grow steadily.

Splash abandons fight

By David Waller

Splash Products, the T-shirt company and character merchandiser, has abandoned its fight to stay independent of Astra Trust and has advised shareholders to accept Astra's £14m share-only bid.

Following discussions last week, those directors of Splash who had not already backed Astra – following the defection of two board-members early on in the bid – decided to accept the offer in respect of their holdings representing 25.8 per cent of Splash shares.

Their change of heart took Astra well beyond the 50 per cent mark and the bid has thus been declared unconditional as to acceptances. Mr Robert Ballinger, Splash's existing chairman, and his boardroom colleagues will be staying on to run the business.

Astra, an engineering, property and financial services group run by the ambitious 29-year old Mr Theo Paphitis, won shareholder approval for a capital reconstruction and a change of name to AT Trust.

Celestion near £2m in the red at nine months

Celestion Industries, the clothing and loudspeaker manufacturer which was the subject of a management buy-in last October and changed its year end, has reported for the nine month period to December 31 last.

The significant loss anticipated turned out to be £1.96m at the pre-tax level, compared with a profit of £70,000 for the twelve months to April 7 1988. But the figures do show a modest improvement on the interim loss of £2.1m.

Turnover for the period was £30.44m, with £22.19m coming from the clothing division and £8.26m from the audio side. Clothing, however, showed a trading loss of £1.18m compared with a £238,000 profit on audio. Exceptional items of £1.02m arrived at before the pre-tax loss included £800,000 of stock provisions following substantial rationalisation and re-organisation of the clothing division.

Meantime the dividend is held with a payment of 0.75p for the nine months period; the net loss per share was 7.4p.

Prestwich sale to Lanca

PRESTWICH Holdings has further reduced its character merchandising business with the sale of Hayjax Manufacturing to Lanca, the importer of handbags and clothes, for up to £233,000, writes Andrew Hill.

Lanca already holds licences, through its Frankel & Roth subsidiary, to reproduce fictional characters on shoes, bags and clothing.

The deal with Prestwich should expand this range of merchandise to include towels, duvet covers and bed linen. Hayjax holds licences for characters such as Mickey Mouse, Bambi, Winnie the Pooh and Thomas the Tank Engine.

In January, Prestwich sold for £5m Mobile, its T-shirt printing and character merchandising subsidiary, to Splash Products.

Prestwich aims to concentrate on its core video cassette and compact disc business.

In the year to June 30 1988, Hayjax made pre-tax losses of £36,432 on turnover of £2.92m. Lanca will make one half of the £233,000 payment for the company in a year and the other in two years' time.

Amberley to join USM

By Vanessa Houlder

Amberley Holdings, a European building preservation specialist, is coming to the USM through a placing which will value it at about £3.5m.

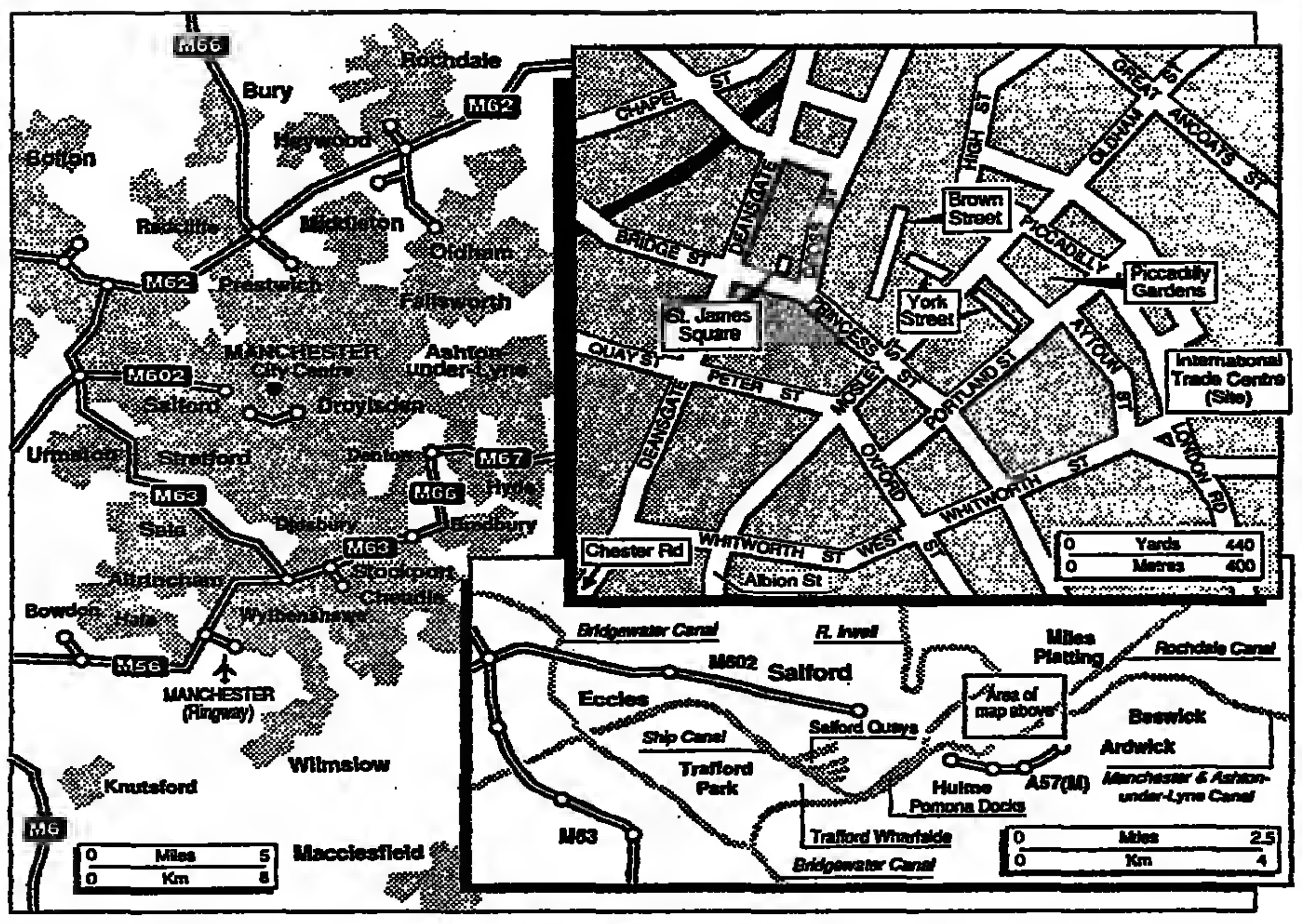
Brown Shipley Stockbroking is placing 2.2m ordinary shares at 57p each to raise £1.25m. Dealings are expected to start on April 6.

The group provides damp proofing services to the domestic market and local authorities. The company, which was formed from the buy-out of the France-based Murprotec in 1983, has branches in France, Belgium and the Netherlands.

A profit of at least £545,000 is forecast for the year to March 1989, which points to a p/e of 10.5 at the issue price.

FINANCIAL TIMES SURVEY

Though the area has become a focal point for institutional investors, much of the development has been undertaken by local concerns. The market has been driven by internal factors rather than outside influences, write Paul Cheeseright and Ian Hamilton Fazey



The Refuge Assurance Building in Oxford Street, Manchester, recently acquired by Skillion Holdings (see page 3)

PROPERTY in MANCHESTER

Quite tasty, in parts

MANCHESTER is enjoying a considerable economic revival. Surveys by the regional chamber of commerce show that business confidence has been *running high for the last three* years, in spite of continuing worries about skill shortages and high interest rates.

The effect on the property market, though, is still something of a curate's egg, with some areas very much more buoyant than others. A look at the unemployment figures helps explain why. There were 115,286 people on the register last December, or 10.2 per cent of people of working age. These are still high figures, but they are encouraging because in July they were 130,296 and 11.5 per cent respectively.

The figures also disguise some wide variations within the conurbation of 10 boroughs and 2.5m people. For example, older industrial areas such as Bolton, Bury, Oldham and Rochdale — in the north and east of the urban sprawl — all have unemployment rates over 10 per cent. However, things get better towards the south, with the Manchester travel-to-work area itself down to 9.7 per cent and the Macclesfield area of east Cheshire reporting an unemployment rate of only 4.3 per cent.

Property prices reflect this pattern, rising towards the south. Indeed, towns like Wilmslow, on the fringe of the conurbation in the Cheshire *countryside, have enjoyed* much higher levels of office rentals for most of the 1980s. Proximity to Manchester Airport and the national motorway network are principal reasons, coupled with a generally green arboricultural pleasantness.

Looks, feel and affluence extend widely across the southern swaths of Greater Manchester, in a rough triangle founded on Stockport to the east, Altrincham to the west and Macclesfield to the south. This is stockbroker-belt Manchester on the residential front, sunrise industry in employment terms. High technology companies such as Simon Engineering, Ferranti, ICI Pharmaceuticals and Ciba-Geigy are strong. A proliferating network of smaller businesses supply and service them and others.

The northern areas of the conurbation are reviving but more slowly. Of greater strategic significance, however, is what is happening in the centre. Trafford Park Urban Development Corporation has brought a renewed confidence into Europe's oldest industrial *estate — a 2,000-acre vastness* situated largely between the historic Bridgewater and Manchester Ship Canals, but also bounded by the city centre and the newly-widened M63 motorway.

Investment and reinvestment by larger companies in Trafford Park are now running at hundreds of millions of pounds. Cerestar, the Italian-owned food refining group, has even taken advantage of the newly-guaranteed long-term *navigability of the Ship Canal's* upper reaches to expand its ship-supplied plant.

Not that Manchester Docks will be resuming their former bustle as far as ocean-going container ships are concerned. The main docks have now been converted into Salford Quays, a complete village of residential and leisure developments, by Urban Waterside, the first private sector development corporation in Britain. Commercial property around the old docks and the ship canal has been a market of its own since the early 1980s, thanks to the designation of two enterprise zones, one on each side of the canal. The two-tier market this created now appears less of a distortion, however, because other parts of Greater Manchester have been recovering economically.

Growth and general recovery have helped fuel the continuing emergence of Manchester's financial and professional community, now a job-creating, self-sufficient industry of banks, merchant banks, finance houses, entrepreneurial solicitors, accountants, insurance brokers, actuaries and the like. *Demand for more* and better office space has risen in the city centre as a result, relegating memories of office blocks peppered with "To Let" signs to yesteryear.

Older, run-down areas remain in the city, but the Government's Central Manchester Development Corporation is working on that, with the full co-operation of the city council.

One of the most serious of these blighted areas is probably *to the east*, where the Manchester City Council has been seeking to promote small-scale revival schemes. The most encouraging factor has been the emergence of some specula*tive housing development and* the disclosure of plans by companies like Grand Metropolitan and Peel Holdings for speculativa retail and commercial schemes.

But it is precisely areas like this which would be most quickly and worst *afflicted if* the regional economic revival was choked off by a combination of high interest and exchange rates. It is not a foregone conclusion that the revival is sustained and deep enough to withstand such adverse factors.

Manchester's problems in this regard are little different from those of other centres like Birmingham, Leeds and Glasgow. But the effect on the property *market* would not *be* immediate. Any property market decline, caused by a lessening of demand, would be slow rather than violent as developers backed away from projects and investors' confidence ebbed away.

That is one bad case scenario. Another springs from over-enthusiasm. This is the notion that the property market will respond too vigorously to the rise in demand for space *and build itself into a surplus* which in turn would lead to static rents and possibly slipping values.

The second may prove to be more a realistic projection than the first. It has happened *before. Indeed those "To Let"* signs which peppered the central city area only three years ago were at least partly the result of the fact that there was a surplus of space from the previous boom which had to be absorbed before rents started to move up.

So far, this over-supply has not emerged. There is a shortage of office space and rents have climbed as they have done elsewhere in Britain. But if all the plans to develop were *actually carried to fruition,* then the situation could change.

Equally, there is a shortage of suitable industrial space. The key word here is "suit*able." Manchester has a whole* stock of large and ill-favoured premises available which do not fit in with the needs of an economy which is turning increasingly to light industry. Again, there is a shortage of reclaimed land on which to *build such premises, although* there is plenty of derelict land.

The industrial and office sectors intersect at the point that developers like to find sites on which they can build premises suitable for general business use and therefore commanding rents higher than those for mere sheds. So the more vibrant the office sector, the tighter the squeeze on new industrial space.

But this comes back to the strength of the economic revival. *Thus far, it has been* the case that the demand for space in Manchester has been coming largely from local companies or from companies moving around and expanding within the region. This gives the property market an inherent strength.

The market will remain stable as long as it caters primarily to local and regional needs. Once developers start believing that any vacant space will automatically be taken up by companies pressing to leave the South-East, they are probably in for trouble.

This is not to say that companies have not or will not relocate. It is to say that every *UK regional centre* now talks about the exodus from the South-East and the job of attraction is becoming more competitive. Also, surveys in the South-East show that most companies prefer to stay and expand where they are.

On the retail side, the market forces are rather different. Here the pressures for and against development are local. The interests of the city centre are set against those of outlying boroughs and so on. But *the fact is that retail develop*ment has probably not been as strong in Manchester as in other regional centres.

This suggests that there is ground to be made up and that proposals in the pipeline for central developments will carry on, despite higher interest rates, simply because they will be catering for the situation in two or three years.

CONTENTS

The city centre's map is being redrawn again

Merry-go-round gets under way

IN LITTLE more than 18 months Manchester's office scene has been transformed. Glut turns to famine as rents soar and cash-rich investors chase fresh opportunities. The city centre map is being redrawn once more, and this time it reflects expansion.

Within the square half mile, the traditional financial core, activity is held in check by existing tenancies, by listed facades and conservation areas, and by lack of sites. Any new-build tends to be redevelopment of dated 1950s or 1960s blocks.

However the major chartered accountants, whose activities normally signal a merry-go-round at the top of the market, are on the move again. They, too, have grown with the times; they need more space, a higher office specification and, with increasing calls to service the region, adequate car parking. They are in the process of being drawn to the core's fringe, where they can negotiate a substantial pre-let on favourable terms.

Coopers & Lybrand was the first off the mark, shifting across Portland Street to an area previously better known for its Victorian court house.

Another major firm is thought to be looking very seriously at a 70,000 sq ft infill site down Portland Street which has served as nondescript off-street car parking since the last war.

There is interest, too, in an as yet unbuilt 80,000 sq ft block on Albion Street, out beyond the GMEX exhibition centre. Albion Street is a few minutes from the dual carriageway leading to M56 and M6. It is also close to a station on the first Metrolink supertram line.

Such moves take time. Meanwhile, this spring's action is itself a little off-centre. The former County Hall building facing Piccadilly Gardens is about to be relaunched after complete refurbishment by Parc Securities as Westminster House.

When the county council was disbanded in April 1986, pundits saw a dim future for this undistinguished 1970s eight-storey pile. The opposite has proved to be the case. As Parc is well aware, the 160,000 sq ft of Westminster House, due for completion in May, is the only new high-specification space becoming available in central Manchester during 1989.

Agents reckon that current demand amounts to around 500,000 sq ft. Apart from Westminster House, a further 160,000 sq ft of "speculative" space is under construction at six city centre sites, several of which are also outside the traditional half-mile boundary.

In fact, there is little speculation involved in current deals. Most office buildings are expected to be substantially pre-let for at least the next 12 months. Barclays Bank, for example, has signed up the whole 47,000 sq ft of Citygate Court on Mosley Street months ahead of its expected completion, and the building has been bought by PosTel property services for £9.243m.

There is also confidence about 44 Peter Street, joined to no less a building than the Free Trade Hall. Peter Street has enjoyed varying fortunes in recent years, but is now sought after. The site became available through demolition of a 1950s predecessor, and the 26,000 sq ft block, due for completion in spring 1990, has a conservatively post-modern stone facade which respects, if it does not rival, its distinguished neighbour.

Grimley J R Eve, the agent for 44 Peter Street, is already inviting inquiries. Across the road, however, the former Albert Hall is a different proposition. Though listed, the building's fabric is in a poor state. City planners insist that any development — with a potential of 37,500 sq ft — must respect the eccentric contours of early 20th century Methodist enthusiasm. Heads are still being scratched at L&M Chestergate, the developer, to meet these conditions.

Unlike the last office boom period in the 1960s, when important Victorian creations gave way to modern curtain-walling, Manchester City Council now has firm conservational policies. Planners know that older buildings, or at least their facades, are popular with users and visitors alike. Mr Stuart Shore, who heads the city's planning information group, points out that this time Manchester is working from a position of strength.

All the same, some interesting tussles lie ahead. Malvern Property recently lodged a planning application for a site on the corner of St James's Square and South King Street, involving demolition of three Georgian and early Victorian buildings in a conservation area. Malvern says that, after six months' study, it came "reluctantly" to the conclusion that comprehensive redevelopment was the only solution for its £7.5m office scheme, offering 35,000 sq ft on five storeys. But there could be a strong reaction.

Another prickly issue is the former Skin Hospital on Quay Street, an Edwardian building which was sold by the regional health authority in January for a reported £3.4m. There have as yet been no firm development proposals for this third of an acre site.

Some interesting development tussles lie ahead

Complete demolition is unlikely to be on the agenda at 55 Brown Street, acquired by Chestergate late last year for some £3.5m. Calculated up from a site area of 0.2 acres, this places a new "high" on prime financial core land of £17.5m an acre. The building's facade is listed but there are no untoward technical problems in retaining it in the 51,000 sq ft scheme.

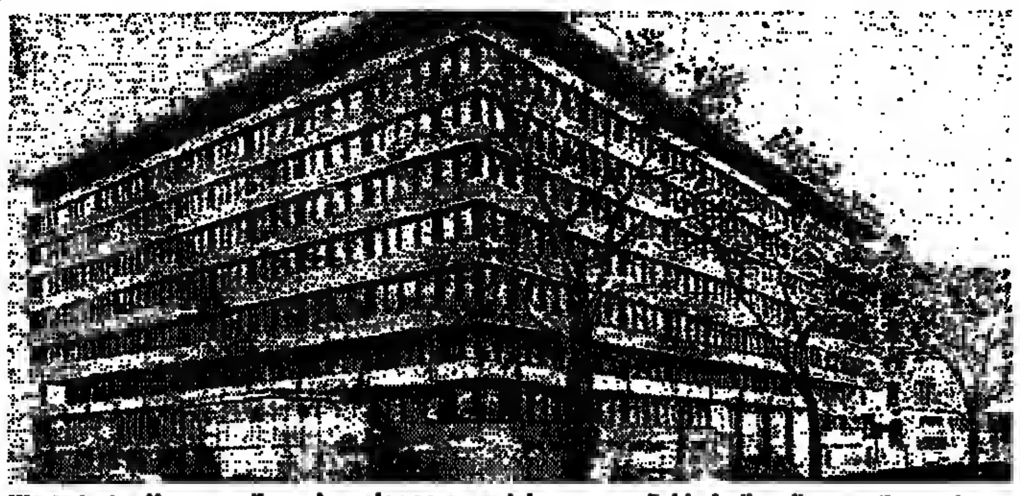
Mr Shore says that the city council generally enjoys a positive working relationship with developers. Some 94 per cent of planning applications are granted approval because, he suggests, the ground rules are discussed and the alternatives explored long before schemes go to committee.

Investor participation in the Manchester property scene has been enlivened by the arrival of London companies to whom a few million pounds does not exactly strain the current account. And they can make handsome profits. For example, Peter House was bought early in 1988 by Old Park Lane Securities for £4.3m, some £800,000 above the 1987 asking price. Peter House is now expected to be "turned" or sold on, without refurbishment, for £8.5m.

But what of rental values? Prime office locations started 1988 at £9.50 a sq ft. Westminster House rentals will be from £10 upwards, depending on the amount of space taken. Barclays is thought to be paying £11.70 to occupy Citygate Court. Negotiation on Fiscal House, York Street, another substantial pre-let, is settled at £13.25. Agents talk about £15-£16 a sq ft by early 1990, and around £20 in 1992 when current known demands will have been met.

It is small beer by London standards, and a few months behind the Birmingham or Leeds markets. But yields on Manchester properties are at least comparable, and that is the key to investor confidence.

Robert Waterhouse



Westminster House — the only major commercial space available in the city over the next year

SOUTHWARDS

The business park era

MANCHESTER is that rare city where the offices out of town are as expensive and valuable as those in the central city. Indeed, according to figures compiled by W.H. Robinson, chartered surveyors, the 1988 Manchester office take-up was split evenly between the inner and outer districts.

Traditionally, the out-of-town market has been to the south of the city, in the suburbs within very easy reach of the airport. But the emergence of Salford as a new centre has enlarged the area.

It covers an arc of smaller towns stretching from Salford to the south-west of Manchester round to Stockport with Wilmslow as the southernmost tip. And, as the market starts to expand, the boundaries will be drawn wider still if plans for business parks in towns like Macclesfield come to fruition.

Hitherto, the market has been based on e string of one-off and relatively modestly-sized developments, up to 40,000 sq ft, frequently produced by local companies like Swinton Goddard, Chestergate Seddon and Orbit Developments.

But this is likely to change in two ways. In the first place Salford has the space for an offices centre to grow so that it can act as a focal attraction in its own right. Hence the Manchester Ship Canal Company-G.R. Morris Construction joint venture to build a 77,000 sq ft complex called Quay West. Again, offices play a significant part in the 250,000 sq ft mixed development planned by Amec Properties — the Anchorage at the head of Dock 9.

Secondly, as Mr Tom Marshall, managing director of W.H. Robinson pointed out: "What is emerging is the business park, which I think will take over from these one-off developments." Certainly the financial climate is more propitious for such projects; even as late as 1987 the institutions did not have much interest in Manchester property investment. Now they do.

Developers have been encouraged by the demand. This has been evident in the experience at Towers 2000, an Intercity Property Group business park at Didsbury, three miles south of the Manchester city centre. The first phase of three buildings has been pre-let to high technology companies.

Significantly, the development was originally planned on the basis of rents of £7.50 a sq ft. But the rents on the pre-lets have ranged from £9 to £12 a sq ft.

The strength of demand which lies behind such rental increases has inevitably encouraged other projects, like that of Manchester Ringway Developments, again just south of the city, of St Modwen Properties at Wythenshawe, north-west of the airport, not to speak of plans for Macclesfield.

The market is stronger than for a decade. Office take-up in the city topped 1m sq ft last year and the growth rate in rents is calculated to average 47.22 per cent

The planners have viewed both the one-off developments and the business parks with some caution. Cheshire County Council has been anxious to see office development mainly in Warrington New Town and at the Chester Business Park, now run by Warringtons. But the country structure plan is now under review and at public meetings officials have indicated that more land for office development could be released.

Oddly, at the moment, there is little development around the airport, save for the Trident project, but it is in this area that the greatest pressure for development will come and, with that, pressure to relax the Green Belt. As Mr Marshall noted, "any motorway site within 15 minutes of the airport will benefit from the juxtaposition."

The weight of development is already considerable and, in Salford, the enterprise zone tax concessions run out at the end of 1991. If everything now planned at Salford and around the arc were to be built, then there is little doubt that the market would be weakened.

For the present though, the market is stronger than it has been for a decade. The office take-up in Manchester — in and outside the city — topped 1m sq ft last year. Dunlop Heywood, chartered surveyors, calculated that while the average annual growth rate in rents between 1980 and 1988 was 12.54 per cent, the growth between the end of 1987 and 1988 was 47.22 per cent. Top rents for the region were £13.25 a sq ft at the end of last year.

Yields vary, depending on the district. W.H. Robinson reported that the lowest proved yield in the city centre was 6.25 per cent and thus slightly narrower than 6.75 to 7 per cent prevailing for out-of-town office investment. At Salford, once the tax allowances have been stripped out yields have been around 7.5 per cent.

For the institutions, however, there is the slight problem that there has not been a great amount on the market to buy. So far they do not appear to have driven into the market in such a way as to drive down yields.

Paul Cheeseright
Property Correspondent

RETAIL MARKET

It's back to basics

THE GOVERNMENT'S measures to hold back consumer spending have not had the same effect in the North-West as they have in the South-East and, to all appearances, the retail property market is as strong as ever.

But there is just a slight tinge of apprehension. "The market is beginning to worry about where the tenants are going to come from. The basic ground rules are becoming important again," says Mr John Hockey, the retail specialist at Dunlop Heywood, chartered surveyors.

And those ground rules mean that developers do not project increases in rents. They need to work out what is happening in the market now. The latest new rents recorded by Dunlop Heywood in King Street, one of central Manchester's prime streets, are £130 a sq ft (Zone A), and, in Stockport, one of the UK's best retailing towns where Hammerson has a centre, £160 a sq ft (Zone A).

There has, in fact, been little new development in the central city area, although the major stores have been undertaking their own refurbishment programmes.

Shopping has continued to be dominated by the Arndale centre, where tenant demand has been as strong as ever. Whether here, and elsewhere in the prime streets, this will change with an inevitably higher rates burden from next year, plus high service charges, remains to be seen.

There are two major city centre developments which could affect the future pattern of retailing. The first is the £20m Castle Quay, a 100,000 sq ft centre designed by Manchester Ship Canal Company to attract high income customers rather than low income visitors. Construction has started.

The second is that proposed for a site next to the G-Mex Exhibition Centre. There a partnership of Merlin International and Central Station Properties, set up originally by Commercial Union and the former Greater Manchester Council, will build a festival shopping centre. But this is longer range. Planning and government subsidies have not yet been sorted out.

Manchester City Council has followed a planning policy designed to keep development in the city centre. It has therefore vigorously opposed the plethora of proposals for regional shopping centres outside. Decisions on that are awaited from the Environment Secretary. But Mr Hockey warns that "only one mega-scheme will be successful, even if consents for two are granted."

Nor has the city council been keen on the establishment of free-standing superstores outside the centre of Manchester. But its policy, partly as a consequence of successful planning appeals by Tesco, has recently been relaxed for food retailing.

Paul Cheeseright

PROPERTY IN MANCHESTER 3

How the city's regeneration is taking shape

Partners seek a change of gear

EARLIER THIS month, Manchester City Council and the Central Manchester Development Corporation launched a joint marketing initiative to promote an international concert hall as a new home for the Halle Orchestra and conversion of the Free Trade Hall into a state-of-the-art convention centre.

The proposal had been widely trailed. At this stage, before the market responds, interest revolves on the alliance it represents between the Labour-controlled city council and the Government-imposed development corporation. It is a relationship not many would have cared to predict 12 months ago.

More a marriage of convenience than a love match, the two bodies have nevertheless enjoyed a close relationship since the UDC was set up in June 1988. Although the development corporation has become the planning authority for the strip of land flanking the city centre's southern boundary, the council was chosen as the planning agents.

In practice, this means that city planners proceed exactly as before, except that the planning officer's recommendations go to the development corporation board rather than to planning committee. To date, such recommendations have proved 100 per cent acceptable. They include a complex procedure involving listed building consent on both exterior and interior of one of Manchester's best-known landmarks, the former Refuge Assurance Building on Oxford Street.

Skillion Holdings, which now owns the Refuge, is proposing a multi-use business centre which opens the ornate ground floor up to the general public for the first time. Backing from the development corporation should come in the form of city grant, justified by the estimated 1,500 new jobs in Skillion's proposal – which includes a hi-tech business park on land at the rear.

Skillion is not the only major developer "signed up" since the UDC came into being. Behind Piccadilly Station, 7.5 acres of mainly derelict land around the Rochdale and Ashton canal basins are being reclaimed for work to start on Avatar's £50m Manchester International Trade Centre. The project is tied into a 125-unit housing scheme called Piccadilly Village.

Similar proposals for this area have surfaced over the years, but it took the arrival of the UDC and the availability of £1.7m in city grant to get things finally moving. In the Whitworth Street corridor, quintessential Manchester warehouses are being converted into 325 flats for sale and rent by George Wimpey and Housing Projects, with city grant again providing a £5m pump primer for a £20m investment. More housing is scheduled to follow.

Mr John Glester, the development corporation's chief executive, agrees that his organisation has been lucky in its timing – coinciding with the extremely buoyant Manchester city centre scene – and that much was happening any way. "Our arrival has served to stimulate more substantial and higher quality schemes," he claims.

He predicts that the corporation's £60-80m budget over five years could generate £600m of investment, or three times the original target. Mr Glester, previously with the DoE in Manchester, helped create all three North-West development corporations, so he is well placed to exploit the public funding regimes.

What he and the city council jointly seek is a change in gear for Manchester consistent with the Olympics bid. By the end of the five-year period the city should have reinforced its position not simply as the capital of the North but as an international player in its own right, the new facilities helping attract a different sort of business.

This, Mr Glester believes, can be done without saturating the market. "The land available hasn't altered. What will change is the speed and quality of development." He sees no reason to revise the corporation's target of 6,000 long-term jobs, many available to the less advantaged living in nearby inner-city areas like Hulme and Ardwick.

Not everybody is quite so bullish about the staying power of Manchester's attractions. Mr Alan McGarvey, managing director of Greater Manchester Economic Development, the agency created by the former county council, fears that cash-rich London institutions with "more money than sense" have arrived in the North-West.

There could easily come a time, he suggests, when over-supply starts to put downward pressure on rents. "Fashion is pushing ahead faster than demand. We are concerned about what happens if the boom disappears."

In this context, the urban regeneration exercises well under way at Salford Quays and about to get into swing at Trafford Park have some relevance. Salford Quays is rapidly becoming an office city in its own right. Already there is over half a million square feet of office or B1 (hi-tech) space in occupation, with a further 800,000 sq ft being built or scheduled for the coming year (including the first Trafford Park offices). So far, space has let as it is completed, and office rents at around £11 a sq ft are chasing those in central Manchester.

Grain Wharf, Salford Quays, won a Lovell Group award for 1988

The Quays has an advantage over the city centre, where streets outside even the most expensive office schemes can be dirty (the city has yet to solve rubbish collection problems) and poorly maintained. On the other hand, Salford Quays does not yet have the public transport infrastructure or the variety of shops and restaurants needed to support a daytime population of several thousands.

Whether Manchester's water frontage, its unique if murky river, canal and dock systems, can help generate a Baltimore-type revival which permeates beyond mere office and housing complexes is a question which has filled many a seminar. The two development corporations, Central Manchester and Trafford Park, share Pomona Dock as part of their joint border, so the window of opportunity exists. A report for publication shortly paints some very positive visions.

Half funded by the English Tourist Board, the report has been prepared by Mr Cy Paumier of the US consultants Land Design Research, specialists in waterfront regeneration. The ETB's commitment implicitly recognises Manchester's tourism and visitor potential.

Almost two years on from designation, Trafford Park Development Corporation is at last starting to show results. Mr Michael Shields, its chief executive, has moved cautiously via a series of consultants' reports while stitching together a 250-acre land package at the park's gateway. Trafford Wharfside, a joint venture by Rosehaugh and Trafford Park Estates, will complement Salford Quays just across the water.

The other week Mr David Trippier, the Inner Cities Minister, cut the first sod for Quay West, a nine-storey, 77,000 sq ft office development. It represents the start of another satellite city, due to bring over 3m sq ft of office and light industrial space to Trafford Wharfside within seven or eight years.

Mr Shields also believes this can be done without flooding the market. Rosehaugh, he suggests, will be looking for pre-lets and customised requirements. Talks are already well advanced with a number of potential clients, including relocations from the South-East.

Trafford Wharfside is not just an office city. Plans include shopping, restaurants and even night spots along a promenade and around a new inlet which links with the Bridgewater Canal.

More relevant, perhaps, to the daily workings of Trafford Park, the development corporation plans a rehabilitation of the Village area first built by Westinghouse amid the Park's industry for workers at today's GEC factory. Wimpey Property Holdings is the developers of Phase 1 which includes managed workshops and starter units.

Half of the development corporation's £160m budget is earmarked for two strategic road schemes. The first priority is a new bridge across the Ship Canal to link into the M602 near Eccles; the second is a direct link to central Manchester avoiding Chester Road. The corporation also backs an extension of Metrolink, the supertram, through Trafford Park. This would branch from the line proposed for Salford Quays.

Put together, Trafford Park, Salford Quays and the Central Manchester Development Corporation area represent massive public investment in quarters previously better-known for decline and decay.

Robert Waterhouse

The current residential scene

Realism welcomed back

MAJOR INSTITUTIONAL acquisitions have changed the face of Manchester estate agency chains. The Halifax, the Prudential, Royal Life and Nationwide Anglia are much in evidence. Well-known local names like Bridgfords retain their identity, but as part of wider groups. Many independents survive, but in an increasingly competitive market, writes Robert Waterhouse.

Not least because, after all the hectic activity of 1988, the first quarter of 1989 has been slow. At the top end, which in and around Manchester means anything over £100,000, there is not much confidence. Buyers are chary of paying 1989 prices which are already moving up to 10 per cent ahead of 1988. And with good reason: in some locations, both south and north of the city, house prices almost doubled last year.

The "golden triangle" of Wilmslow, Knutsford and Hale is still jangling after the events of 1988. At the start of the year, anything over £200,000 represented a champagne sale; by November agents were looking towards £400,000 for substantial and secluded but still suburban homes in Bowdon or Hale.

Now, realism is returning to the market – and the smaller agents, perhaps able to give a more personal service, are not unhappy about it.

Mr Michael Thompson, formerly a director of Bridgfords, runs an agency in South Manchester that is allied to the solicitors Fisk Swain. He reports that houses are still moving, with this proviso: "Realistically priced, they sell; overpriced, they stick."

His Didsbury office is particularly busy. Didsbury prices jumped perhaps only 35 per cent last year, so the city's leafier suburbs look reasonably good value compared with parts of Cheshire. A detached house fetching more than £200,000 is still unusual, though Victorian and Edwardian semis can be priced around £150,000 and the two-bed terraced cottages of Didsbury Village, which escaped 1970s slum clearance only after residential protest, now sell for up to £80,000. Mr Thompson expects prices to increase by 5 to 10 per cent this year.

What, in this still volatile market, is a realistic valuation? Mrs Myra Neale, senior negotiator at Halifax Property Services in Altrincham, believes that it is simply the sum that buyers are prepared to pay. "There's nothing like the public to tell us what a property is worth. If it is overpriced we soon learn by the lack of interest shown. Last year, you could name a price. That's no longer so."

Mrs Neale expects the big, expensive houses to start trickling onto the market again around Easter. Mrs Denny Tommis, managing director of the Stockport-based firm Executive Relocation, which specialises in finding houses for clients coming into the area, says the trickle is already a flood.

Last year, Mrs Tommis says, convenience movers tended to shy away from the market for fear of having to pay "thousands more" for the house they bought than the one they sold. "It was dreadful for us. But now estate agents are chasing me. It's wonderful. We're in control!"

Under £50,000, however, business remains very brisk and houses often sell within a week. Parents of students are increasingly opting to buy in for their offspring rather than pay the high rents of bedsit land. This applies even to Salford Quays, the waterside development where one-bed flats cost about £60,000.

Work in and around the Whitworth Street warehouses is also under way, with George Wimpey and Housing Projects qualifying for city grant to start the conversion process off. Central Manchester Development Corporation estimates that some 1,000 flats will be built, though the city council believes it could be many more. Chinatown housing association flats have also created much interest.

The city council is concluding negotiations with Tay Homes of Leeds to build flats and semi-detached houses in East Manchester inner areas. Tay will receive city grants to build at Every Street, Ancoats, and Bell Crescent, Beswick, where its progress is bound to be studied by other developers.

Mr Steve Cranmer, Tay's urban renewal director, says his housing will go on the market at between £20-£32,000. "We are pioneers in East Manchester, and that means taking risks, but the formula has worked elsewhere and the city council has already proved to us they mean business." Other pioneers are needed, the Greater Manchester Economic Development Company says, to build full-blooded executive housing north of the city.

INDUSTRY

Eastern promise

THOUGH THE effect of high interest rates is beginning to unsettle business confidence in Greater Manchester, the industrial property market is still struggling to meet demand. The county's historic dependence on heavy industry has left a legacy of difficult, unreclaimed sites which aggravate the shortage of attractive development land.

One trouble with so-called brown field sites is that history has often bequeathed a complicated ownership. For example, a 300-acre plot in Rochdale with excellent potential – and in an area which needs new jobs – has no fewer than 60 owners. Putting such a site together for marketing purposes is a problem.

Greater Manchester Economic Development, the agency supported by the 10 districts, inherited a portfolio of industrial land from the Greater Manchester Council which is now almost full up and is in the process of being sold on to tenants or investors.

Mr Alan McGarvey, GMED's managing director, sees his organisation as an enabler rather than a landlord. Its interests are moving towards area management. In other words, the firm that comes to GMED for development capital in advance of site relocatioo could have needs coinciding with improvements elsewhere.

This may, or may not, help site assembly. From GMED's client-based vantage, Mr McGarvey sees property developers queering the pitch by snapping up available plots, applying for B1 use (mixed office and hi-tech) then sitting tight to see what the market thinks. He maintains that the county's greatest need by far in for light manufacturing sheds of 10-40,000 sq ft.

GMED has commissioned Roger Tym and Partners, working with W.H. Robinson, to carry out a study which may substantiate its belief that the firms seeking 10-40,000 sq ft premises tend to be expanding local companies rather than relocations, and so more likely to be of lasting benefit to the North-West economy.

As it happens, brown field sites are coming up for offer at opposite ends of the conurbation. Trafford Park Development Corporation reports encouraging interest in the Northbank Industrial Park, the former Irlam Steelworks site, which is a self-contained offshoot of the corporation area. Negotiations are under way even before reclamation is complete, with 28 firms seeking to build premises at Irlam.

The 200-acre site has been largely derelict since British Steel pulled out 10 years ago, with the loss of 5,000 jobs. Mr Michael Shields, chief executive of the development corporation, expects about 1,000 jobs to be created

East Manchester was also dominated by heavy industry, including steel. Manchester City Council, spurred by the resolve that it could sort out the area without surrendering planning powers to a development corporation, has been working away at the East Manchester Initiative for several years, using DoE inner city partnership grant aid.

In all, 250 small schemes represent a £9m investment in environmental improvement since 1982. Close to the city centre three iodnstrial improvement areas have been declared. Residents, too, are benefiting from a £19m community refurbishment project in Miles Platting as well as 10 housing improvement areas.

There is a growing belief that East Manchester's time is about to come once more. Positive forces include its proximity to the city centre, the M66 Stockport-Dentoo route opening this spring whose funding through to the M62 at Heaton Park is now agreed.

The first substantial site likely to be marketed is 100 acres to the Bradford area, the former Manchester Steel, Richard Johnson & Nephew and British Gas complex. At around £60-80,000 an acre for industrial use (one tenth of the price asked to the south of the city), developers have already shown much interest.

Most of the actioo remains in the twin Salford and Trafford enterprise zones. After a downbeat start both zones are working towards 1991 and the conclusion of incentives with quality B1 business park developments, letting at anything from £3.50 to £5 a sq ft.

There is plenty of interest in non-EZ sites – for instance GMED's Bredbury estate, now all but sold on, saw land values doubling in a year. Yields are moving below 10 per cent, which should encourage investors to look beyond the usual areas.

RW

Opec dreams of things to come

Steven Butler reports from the oil ministers' conference in Vienna

A REMARKABLE gentleness and moderation has infused almost everything said in public by the nine oil ministers from the Organisation of Petroleum Exporting Countries meeting in Vienna this week.

In the midst of a happy dream about high oil prices, they are evidently afraid of doing anything to cause a rude awakening.

The cartel's target price of $18 a barrel for a basket of Opec crudes was exceeded by a cent on Tuesday morning, and with no one fully confident of why oil markets are so strong, it is evidently best to do nothing to disturb the situation.

Under the surface, of course, the organisation is still riven by deep divisions among its members.

Kuwait and the United Arab Emirates, as well a few other members, are pushing for higher quotas. This move is sure to be resisted by countries which have already seen their share of Opec's total production significantly eroded by the last production agreement, reached in November after a bitter production war and a collapse of prices.

But as impressive as the divisions this week was the relative order with which Opec's problems were being tackled, a factor which by itself has boosted confidence in the market.

Of course, prices may yet again collapse, later this year or next, as Opec countries battle among themselves for more market share.

Both Iran and Iraq are furiously adding new production capacity, and all Kuwait, the UAE and Saudi Arabia need do is turn on the tap. To some extent Kuwait and the UAE have already done so.

The precedent set by Iraq, which received its demand for a higher Opec quota after simply producing as much as it wanted, was certainly not lost on other Opec members.

Opec's eight-member Ministerial Monitoring Committee concluded its meeting in Vienna yesterday after what participants said was a full and frank exchange of views on the contentious issues facing the cartel, such as whether to raise the production ceiling and and how to allocate quotas for the second half of the year. Co-operation with non-Opec oil producers was also discussed.

Sheikh Ali Khalifah al-Sabah, the Kuwaiti oil minister, said that the aim was to formulate recommendations to the full Opec ministerial conference in June, and that this goal would be pursued in further meetings among ministers in the weeks ahead.

Dr Subroto, the Opec secretary general, said the ministers had received a telex message from Abu Dhabi, part of the United Arab Emirates, pledging that its production is being cut to 850,000 b/d, thus reducing the UAE's overproduction.

Industry observers estimated Abu Dhabi's production in February at 1.05m b/d out of a UAE total of 1.45m b/d.

The ministers appeared pleased with the atmosphere and outcome of the meeting, although evidently no recommendations were adopted.

Yet the outlook for Opec to become an effective cartel is improving because with oil consumption rising by about 1m barrels a day each year, after falling earlier in the decade, and non-Opec production not expected to increase significantly (before it eventually declines), time is on Opec's side.

This means that rather than struggling to divide pieces of a shrinking pie, Opec can potentially satisfy individual members' needs by special allocations from its increased share of the world market. Indeed, after a few years, only Venezuela, Saudi Arabia, the UAE, Kuwait, Iran and Iraq will have the production capacity to absorb this increased demand.

That is not to say that the battle to divide the spoils will not be occasionally bruising for oil producers and consumers, but rather that the situation may be less desperate than it occasionally has been in the recent past.

As impressive as the caution with which the oil ministers, from Sandia Arabia, Kuwait, Iran, Iraq, Indonesia, Algeria, Nigeria, Venezuela, and Ecuador, have approached the current market situation, is the evident concern that oil prices may have risen too fast and too far for anyone's good.

At $18 a barrel, oil begins to look expensive compared with alternative fuels, while profits for non-Opec oil producers start to look very attractive, thus potentially threatening Opec's market position, and revenues, from two directions.

This concern was voiced most succinctly by Sheikh Ali Khalifah al-Sabah, the Kuwaiti oil minister, in a remarkably frank interview this week in the Middle East Economic Survey, the authoritative Cyprus-based weekly.

"Since this growth (in world demand for oil) is still in its infancy, it would be foolish to kill it," Sheikh Ali said. "I hope this increase in demand will be absorbed from Opec's spare capacity and without much change in terms of oil prices."

This sort of statement from the Kuwaiti minister is not surprising, since he has long been a price dove, and because Kuwait's investments overseas give it a greater interest than most Opec members in stability. But even the traditional price hawks were making cautious noises this week, including Mr Gholamrezah Aghazadeh, the Iranian minister, who said that both consumers and producers needed a period of stability.

It appears, at least, that Opec has learned some important lessons: that high oil prices are not sustainable and that markets can be exceedingly fragile.

All of this does not mean that the full June ministerial meeting, where quotas and production ceilings for the second half of the year will be decided, will be anywhere near as placid an affair. Far from it.

Yet by coming to Vienna more than two months in advance, Opec has begun a negotiating process. The June meeting may turn into a long cliffhanger, much like the previous meeting in November when Iran finally agreed to allow Iraq a production quota equal to its own after nearly two weeks of hard bargaining.

But with positions laid out in advance, giving ministers time to sound out home governments for possible compromises, chances have at least improved that the June conference will be able to reach a reasonable accommodation in the face of deeply divided interests of Opec members.

● Angola is preparing to open up the remaining unexplored areas of its oil-rich seabed to foreign prospectors and developers, oil industry officials here said this week, reports Reuter from Luanda.

Sonangol, the state oil company, will shortly present geological and seismic data on five unallocated offshore blocks on the southern coast.

Oil companies from all over the world would be invited to the technical presentation of the blocks, which would take place in London in either May or June. The presentation would be the first step before the unallocated blocks were offered for joint exploration and development by foreign companies in partnership with Sonangol, the officials said.

Platinum price fix to have wider base

By Kenneth Gooding, Mining Correspondent

THE LONDON Platinum and Palladium Market will from Monday widen the basis for its twice-daily price fixings by involving eight instead of two organisations.

The system will involve telephone conferences at 9.45 am and 2 pm London time each working day to "fix" prices.

Mr Patrick Smith, chairman of the LPPM, said yesterday there had been growing demand over the past two years for a wider price fixing process because of the increasing interest in platinum and palladium.

The LPPM was established in June, 1987, and has nine full and 17 associate members. However, one of the key players in the market, Johnson Matthey, will not take part in the fixings because it is not a market maker.

The full members involved include the two which currently conduct a fixing – Ayrton Metals and Samuel Montagu – as well as Engelhard Metals, Mase Westpac, Sharps Pixley and the London branches of Credit Suisse, Swiss Bank Corporation and Union Bank of Switzerland.

Upsurge in tin prices continues

TIN PRICES on the Kuala Lumpur market yesterday broke through the 25 ringgit a kilogram level to reach a new 3½-year peak, writes Wong Sulong in Kuala Lumpur.

The price rose by 20 cents to hit 25.02 ringgit. In the past four days, the metal has put on 57 cents, and since the start of the year, it has soared by more than 5 ringgit.

Traders said market sentiment was still very strong as reflected by the opening bid of 24.82 ringgit (Wednesday's closing price) which attracted buyers for 345 tonnes with sellers offering only 72 tonnes. Bids and offers were matched at 137 tonnes yesterday.

"There is still a lot of tin around, but in the wrong form, mainly concentrates, and smelters cannot cope with demand for refined tin," said a leading Malaysian trader.

"Unless the American GSA (General Services Administration) decides to sell part of its stockpile, I can only see tin prices going up even higher in the coming weeks."

In response to the strength of the physical market, trading of tin futures on the Kuala Lumpur Commodity Exchange has risen sharply. Daily turnover for this month has averaged 289 tonnes, compared with 180 tonnes for 1988.

Golden girls strike it rich in Western Australia

Kenneth Gooding on changing faces in the mines

Julie Graimes: discovered one of richest gold deposits

AFTER ONLY 15 months in Australia's gold mining industry Julie Graimes already qualifies for a footnote in its history.

One of the richest of the gold deposits recently discovered has been named after her because she happened to be in the right place at the right time.

Apart from anything else, her experience highlights the growing contribution women are making to mining in Australia, which has now abandoned all formal restrictions on women entering the industry.

Miss Graimes was one of a team of geologists helping to develop the Tuckabianna mine near Cue in the Murchison district of Western Australia.

The prospecting company, Australmin, had already found a commercial gold deposit and was drilling in an adjacent area where it intended to put a tailings (waste) dam.

Miss Graimes was in charge of the team one day last June when, instead of coming up with barren rock, the drill struck gold.

That deposit, it turned out, held enough gold to supply an annual 100,000 troy ounces of the precious metal for about 10 years.

Her boss, Mr Mal Dickie, then senior exploration geologist, now senior mine geologist at Tuckabianna, decided the deposit should be called Julie's Reward.

Miss Graimes, who was born in Brighton, England, but has lived in Australia for most of her 22 years, has had the satisfaction of seeing that first, exploratory, hole in the ground develop into one of Western Australia's major open pit gold projects.

She was also on hand yesterday when Tuckabianna was formally opened by Mr Peter Dowding, the premier of Western Australia.

Now the assistant mine geologist at Tuckabianna, Miss Graimes is one of five women among the 80 Australmin employees on the site.

Like the rest of the staff she works for two weeks at the mine site and then takes the company aircraft to Perth for one week off.

Not everyone can take this odd working pattern or the isolated conditions. Managers strive to keep down the tension. For example, at Hill Minerals' Cork Tree Well gold mine, Mr John Gow, the operations manager, says: "Anyone who throws a punch is instantly dismissed."

Of the 95 people at Cork Tree Well, 17 are women and usually their motive for being there is the same as the men's – the pay is much better than they could get elsewhere.

Semi-skilled people working 12 hour shifts for 13 days continuously collect between A$2,500 and A$3,000 gross for the two-week period.

While on the mine site they pay only A$20 a day for full board and lodging and the beer is cheap. Mr Gow says beer supplies are "limited to as much as you can drink." However, employees are not paid for their week off.

Employees live in motel-type accommodation and certainly do not have to rough it. For example, at the Big Bell mine, owned by the ACM group, the facilities including tennis courts and a large swimming pool.

Miss Frances Jones, an assayer at Big Bell, says that by working at the mine she can earn twice as much as in a commercial company. She wants to buy a house in her home town of Perth – "it is very difficult for a single girl to raise that kind of money."

Her routine is simple but demanding. She works a hard 12-hour shift, takes a short break for a drink to wind-down and then goes to bed.

She replaced another woman who decided to switch from the assay department to driving the huge trucks, capable of carrying 100 tonnes of material at a time, which are a feature at all open pit mines. She moved because the pay is even better.

Although the truck cabs are supposed to be sealed against the elements and the controls are power-assisted, it is still a dusty, noisy and sweaty job for the driver.

Even so, women make up a substantial minority of the truck drivers on the mine sites of Western Australia. They all want to make money quickly – at the Sons of Gwalia mine at Leonora one woman truck driver said she was saving for a fetal implant (test-tube baby), an expensive business in any part of the world.

The gold mining companies could not hope to attract enough men or women without offering large cash inducements.

One mine manager suggested the system was ideal for companies attempting to dig out as much material as as possible to recover the gold as quickly as possible. "They (the employees) are only interested in two things: working hard and earning as much money as they can get hold of in a hurry."

However, the system also results in a very high employee turnover, not only because many cannot put up with the pace or conditions for very long but also because an individual will quit as soon as the cash required for a particular personal project has been raised.

Consequently, the Australian mining industry needs to be able to attract women as well as men, even though it has now recovered most of the easy gold and will have to dig deep in future.

Ms Sandra Bailey, a senior mining engineer with CRA, believes that, given time, women will become effective underground miners, although there will always be some heavy, non-mechanised mining work that will remain the domain of a select few people.

"The psychological issues facing both the men and women will be the hardest with which to come to grips," says Ms Bailey. Among other things "women must recognise the need to be treated as equals of men in the industry."

At Tuckabianna, Miss Graimes would almost certainly agree with that viewpoint even though there must be at least the suspicion that, if the geologist in charge when the vital hole was drilled had been a man, the new gold deposit would not have been named after him.

UK farmers prepare for changes to beef support

By Bridget Bloom, Agriculture Correspondent

A NEW scheme to support beef producers within the European Community, agreed last January as part of the reforms of the common agricultural policy, will be introduced at cattle markets and slaughter houses across Britain on Monday.

The scheme involves the introduction of a special beef premium to be paid at a flat rate of £28.42 a head on a maximum of 90 male animals for each producer.

In Britain it replaces the variable beef premium, and therefore represents a much bigger change than for other EC member states. The variable premium has operated to meet the difference between an EC target price and the market price and can amount to as much as £50 an animal.

The new measure has been opposed by the British Government and by British producers, who have argued that the variable premium assured both the consumer and producer of beef a stable market at reasonable prices.

Although Britain has generally been in the vanguard of member states wanting to reform the CAP, in this case it has argued that the beef reform unfairly discriminates against the larger British beef producer, both by excluding heifers from the payments and by limiting those payments to only 90 animals.

However, Britain found itself without allies at the January Farm Council which agreed the measure.

The European Commission in Brussels hopes that the reform will ultimately both reduce the current Ecu 2.4bn (£1.56bn) bill for the beef regime and provide some guaranteed income support for the majority of Europe's smaller beef producers.

The scheme in Britain will be operated by the Intervention Board for Agricultural Produce, the body which administers the CAP within the UK.

This week the board has circulated some 80,000 potential beneficiaries with details of the new scheme.

Producers have to register their holdings and can claim premiums at the point of sale, whether at a liveweight market or deadweight centre. However, in Northern Ireland payments will be made on an "on-farm" basis.

It is estimated that the annual value of beef slaughtered in the UK is some £2.8bn, of which about 35 per cent is accounted for by heifers.

Officials reckon that about 85 per cent of the male animals offered for market will qualify for the new premium.

WORLD COMMODITIES PRICES

LONDON MARKETS

NICKEL PRICES prices continued to slide yesterday as chart-inspired selling triggered fresh stop-loss orders. The market steadied in the afternoon, mainly on buying by West German merchants (who had earlier been pressuring prices), but at the close the cash price on the London Metal Exchange was still $400 down on the day at a 3½-month low of $15,150 a tonne. Merchant selling also hit zinc prices, pushing the cash position down $37.50 to $1,797.50 a tonne, while cash aluminium fell the same amount to $1,855 a tonne. Coffee futures had a confused session, dealers said, with prices "thrashing around" in a wide trading range before finishing little changed on the day. In contrast cocoa futures prices finished at the top end of a narrow trading range, with dealers saying the market was lacking motivation.

COCOA £/tonne

	Close	Previous	High/Low
Mar	819	811	820 814
May	819	816	824 816
Jul	826	825	832 824
Sep	833	835	839 832
Dec	863	864	870 860

US MARKETS

THE PRECIOUS metals tended to ease reflecting continued bearish settlement, but support was noted at lower levels and prices recovered towards unchanged on profittaking, reports Drexel Burnham Lambert. Copper eased in late trade with long liquidation on the spot March contract. The energy complex continued nervously steady following API statistics which were viewed as constructive for gasoline and which in turn added to strength in the crude oil. However, technical selling at the day's highs held the advance. Sugar featured trade buying which touched off commission house stops as the market penetrated resistance levels. Profittaking at higher levels pared gains. Coffee rallied on speculative and chart buying with profittaking and fund selling at the highs. The grains were quiet, on balance easing with profittaking in otherwise lacklustre markets. Shortcovering in the meats rallied prices.

Because of the current extended time gap between the UK and the US closing New York and Chicago prices were not available in time for this edition. The prices shown here are as at Wednesday's close.

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	138.50	142.20	141.50	138.00
Apr	137.50	138.90	0	0
May	136.40	137.40	137.00	136.20
Jul	129.40	129.90	130.00	127.90
Sep	124.70	124.50	125.00	123.80
Dec	119.50	119.10	119.90	118.30

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	761/0	762/6	765/4	760/4
Jul	770/6	772/6	776/0	770/4
Aug	767/2	768/4	773/0	767/0
Sep	747/0	749/0	752/0	744/4

LONDON STOCK EXCHANGE

Futures nerves upset blue chip stocks

A LONDON equity market which found no cause for enthusiasm in the UK trade figures earlier this week proved highly vulnerable to internal factors yesterday. Share prices fell away at mid-session on the prospect that the expiration this morning of the March contract on the FT-SE futures contract might spark a wave of selling of the underlying stocks.

There were other factors undermining the equity market's somewhat optimistic reception on Wednesday for the UK trade deficit for February. Today marks the close of the three week Easter trading Account in equities.

The annual meeting of TSB, the privatised trustee savings bank, was warned that profits would be down in the first half of this year, a prospect that turned attention back to the harsh implications of high domestic interest rates.

A cloud also appeared over the oil share sector, which has outperformed the rest of the equity market over past weeks, as a leading London securities house took a more bearish view of the major oil stocks. Among UK manufacturing issues, there were disappointing responses to a visit by City analysts to British Aerospace's Rover car operations.

Selling pressure increased in the final hour of trading and the FT-SE Index, 16 points off at 1600 hrs, ended the day 22.3 lower at 2049.4. Some stock was sold off, mostly by market makers the investment institutions decided to stay away from the market.

The natural shrinking in the premium on the FT-SE contract ahead of its expiration this morning unsettled the blue chip stocks. The contract has often been at a sizeable premium during the past three months, enabling securities houses to make a favoured market play - selling the contract and buying the underlying stocks.

Expiration of the contract leaves them with underlying positions in the stocks which they may be nervous about holding.

The general weakness in the Footsie stocks suggested that some market makers had already begun to clear positions yesterday afternoon, but the principal test will come in early dealings today. Seaq volume increased to 526.5m shares from Wednesday's 452.8m, a trend suggesting, in the absence of institutional interest, some hurried shuffling of trading books by the market-making firms.

Exceptions to the downward trend were hard to find, but Consolidated Gold Fields again stood out strongly. Minorco's attempts to rid itself of the US legal injunction against buying more Gold Fields shares strengthened belief in the London market that it will increase its £3.2bn offer shortly in an attempt to break the opposition of the Gold Fields board.

FINANCIAL TIMES STOCK INDICES

	Mar 30	Mar 29	Mar 28	Mar 23	Mar 22	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	87.36	87.78	87.98	88.10	88.19	91.03	89.29 (8/2)	86.85 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	95.61	96.44	96.83	96.79	96.84	97.50	99.59 (15/3)	95.93 (4/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1696.7	1705.5	1708.0	1698.4	1690.5	1386.7	1761.1 (14/3)	1447.8 (3/1)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	190.5	197.5	198.1	193.5	194.3	237.3	198.1 (28/3)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)

Ord. Div. Yield	4.55	4.52	4.51	4.54	4.56	4.75
Earning Yld %(full)	11.02	10.93	10.92	10.99	11.04	12.09
P/E Ratio(Net)(*)	10.96	11.05	11.08	10.98	10.91	10.10
SEAQ Bargains(5pm)	36,220	34,155	28,348	26,095	29,491	33,348
Equity Turnover(£m)†	-	990.40	776.58	880.05	1112.43	813.53
Equity Bargains†	-	38,242	32,588	30,688	33,918	43,750
Shares Traded (ml)†	-	413.5	402.0	409.6	429.7	428.1

Ordinary Share Index, Hourly changes

Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1702.7	1703.3	1702.1	1698.5	1693.0	1691.2	1691.1	1690.0

DAY'S HIGH 1703.4 DAY'S LOW 1685.1

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. *Nil 10.90 †Excluding intra-market business. * Corrected figure.

● S.E. ACTIVITY

Indices	Mar 29	Mar 28
Gilt Edged Bargains	98.1	99.7
Equity Bargains	254.3	211.0
Equity Value	2001.0	1367.8
5 - Day average		
Gilt Edged Bargains	98.0	98.8
Equity Bargains	221.7	214.8
Equity Value	1065.9	1981.5

● London Report and latest Share Index: Tel 0898 123001

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change
ASDA Group	2,700	144	-2
Allied-Lyons	2,000	439	-6
Amstrad	558	165	-4
Argyll Group	2,100	177	-1½
Ass. Brit. Foods	229	325	
BAA	964	332	-5
BAT	1,900	563	-1
BET	469	264	-3
BICC	174	400	-3
BOC	441	505	-4
BPB Inds	768	252	-4
BTR	2,800	375	-1
Barclays	2,800	440	+3
Bass	562	915	-3
Beazer	5,900	199	-14½
Beecham	1,800	509	-5
Blue Arrow	2,300	164½	
Blue Circle	392	532	-3
Boots	1,800	267	-2½
British Airways	683	195	
Brit. Aerospace	4,200	555	-21
Brit & Comm.	1,500	204	+2
British Gas	5,100	177½	-4½
British Land	654	369	
BP	4,500	282	-7
British Steel	12,000	101¾	-½
British Telecom	4,000	266	-6
Burmah Oil	2,300	542	-23
Burton	1,400	231	-2
Cable & Wireless	2,400	469	+8
Cadbury Schweppes	1,900	341	-5
Coats Viyella	2,200	158	-1
Commercial Union	632	374	-1
Cons. Gold Fields	3,300	1320	+25
Costain	2,500	312½	-5½
Courtaulds	1,500	295	-5
Dalgety	1,400	394	-2
Dixons	4,200	163	-1
Eng. China Clays	319	527	
Enterprise Oil	811	529	-15
FKI Babcock	956	166	-2
Fisons	985	282	-3
Gateway Corp.	2,500	182	-1½
General Accident	405	968	-4
General Elec.	2,900	231	-3
Glaxo	1,300	1297	+1
[illegible]	227	164½	-1
Glynwed Int.	1,600	325	+1
Granada	138	388	-2
Grand Met	3,400	529	-7
GUS 'A'	413	1018	-4
GRE	2,400	214	-2
GKN	134	394	-7
Guinness	6,600	446	+1
Hammerson 'A'	91	779	-1
Hanson	8,600	184½	-1
Harrisons & Cros.	263	735	-5
Hawker Siddeley	630	651	-10
Hillsdown Hldgs	1,500	273½	-3
IMI	307	220	-2
Imp. Chem. Ind.	1,800	1172	-12
Inchcape	887	262	
Jaguar	912	329	-2
Kingfisher	1,600	264	+1
Ladbroke	429	544	-1
Land Securities	897	575	-6
Laporte	707	436	-4
Legal & General	802	335	-5
Lloyds Bank	1,000	350	-5
LASMO	791	432	-6
Lonrho	1,000	330	-2
Lucas	181	620	-4
MB Group	893	279	+6
MEPC	147	565	-6
Marks & Spencer	2,200	183	-1½
Maxwell Comm.	944	218	+2
Midland Bank	1,730	440	-4
Nat. West. Bank	1,400	580	-6
Next	955	151	
Northern Foods	1,700	292	-3
Pearson	2,300	695	+4
Pearl	393	424	+5
P & O	2,100	650	-4
Pilkington	1,300	243½	-7½
Plessey	2,400	251	-1
Polly Peck Int.	804	320	-3
Prudential	2,000	188½	-5
Racal	3,900	309	
Rank Org.	249	805	-5
RMC	144	652	-1
RHM	1,100	345	+1
Reckitt & Colman	715	1066	-16
Redland	1,000	510	-1
Reed International	862	410	-1
Reuters 'B'	615	663	-12
RTZ	1,300	530	-3
Rolls Royce	3,700	101½	-5
Rothmans	142	496	-4
Royal Bk. of Scotland	925	300	-5
Royal Insurance	954	417	-5
STC	3,000	307	-10
Saatchi & Saatchi	2,100	290	+6
Sainsbury	1,400	222	-1
Scott & Newcastle	1,600	301	-12
Sears	2,700	119	-½
Shell Transport	2,600	382	-7
Siebe	203	463	-3
Slough Ests	974	171	-5
Smith & Nephew	2,700	126½	-1
Standard Chart.	1,000	540	+1
Storehouse	3,500	184	+4
Sun Alliance	537	1129	+2
T&N	1,000	217	-2
TSB	26,000	118	-10½
Tarmac	1,100	300	
Tate & Lyle	1,300	914	-4
Tesco	1,800	153	-1
Thorn EMI	1,000	690	-6
Trafalgar House	1,400	357	-3
Trusthouse Forte	2,900	275½	-4½
Ultramar	2,200	285	-1
Unilever	645	520	-4
United Biscuits	1,600	314	-2
Utd. Newspapers	1,600	466	-3
Wellcome	1,100	494	-8
Whitbread 'A'	764	199	+1
Williams Hldgs.	1,000	530	-6
Wimpey	2,000	291	-1

Rover out of fashion

Talk of swingeing cuts in British Aerospace profit forecasts swept the market during an analysts' tour of BAe subsidiary Rover. "The downgradings are savage," said one dealer. "Rover profits will be flat this year," said another. The upshot was the shares dropped 21 to 555p in volume of 4.2m.

As the share price descended rapidly, the source of the reduced profit forecasts was identified as Warburg Securities, which was said to have moved from around £315m to £285m for BAe, and reduced Rover's contribution to £60m from £100m after a hurried telephone call from its analyst in Cowley. Warburg declined to comment on the stories.

Hoare Govett, the company's broker, sprang to BAe's defence, saying that it had always pointed out the high cost of Rover model launches and was sticking with its predictions of modest growth: Rover profits to be £75m for the current year and £300m for BAe as a whole.

There was wide agreement that the more bullish analysts will have to reduce their forecasts. "I think there is going to be a general rounding down," said Mr Chris Avery at Citicorp Scrimgeour Vickers, where the last published figure was £340m. "We will stay above £300m and are still positive on the stock."

TSB warning

TSB was among the market's worst performers after chilling news emerged from the group's annual meeting. Sir Nicholas Goodison, installed as chairman last January after guiding the Stock Exchange through the stormy waters of Big Bang, warned TSB shareholders that he expected profits for the first half of this year to be lower than those of the same period last year.

Sir Nicholas's warning came after he said that the favourable trading conditions of the past few years had gone. High interest rates, he continued, were bound to have an effect on housing and mortgage markets. TSB shares were heavily sold on the news, with the price sliding to an eventual closing level of 118p, a net fall of 10½. Turnover increased sharply to 26m.

Mr Robert Law, banks analyst at Shearson Lehman Hutton, described the news as "a serious blow" to TSB and said he had cut his forecast for current year pre-tax profits from £470m to £410m. His forecast for earnings per share has been reduced from 20½p to 18p.

Mr Law said TSB was being hit hard by sharply reduced margins on its mortgage business, which accounted for some 60 per cent of TSB's total loans.

But the Shearson analyst added that the selling of TSB shares "has been overdone, we are buyers for a recovery."

Burmah slide

Burmah delivered preliminary profits of £146.2m, compared with last time's £136.5m, and increased the dividend total to 19p, but these figures failed to trigger any strong support. Consequently the shares ran back to close a net 23 off at 542p on turnover of 2.3m. Dealers said the stock had suffered from some analysts taking the view the company had gone "ex-growth."

One analyst said the figures were "bang in line with expectations," yet the stock was undermined by a generally poor showing by the market, especially oil shares."

But Mr Philip Lambert, an oil analyst at Kleinwort Benson, remains a strong supporter of the stock. "We think the market is ignoring 11.5 per cent growth in lubricants volumes, beating world lubricant market growth by a factor off 11.5 times, ignoring the company's confidence by upping the dividend by 15 per cent in a sluggish year and ignoring the benefits of heavy capital expenditure on three core businesses. Add to that the 29.9 per cent stake in Premier, which is currently worth £110m, which if sold would have a big effect on earnings per share growth."

Beazer caution

Full-year profits near the top end of expectations from Beazer were ignored by the market in favour of the cautious chairman's statement on the Kier subsidiary and an unhappy analysts' meeting. The price closed 14½ weaker at 199p. Turnover was a busy 5.9m shares.

Hoare Govett was one broker to downgrade the current year profits forecast: from £138m to £133m. "The stock has not been rated on track record but on chairman Brian Beazer's talent for turning around acquisitions," said Ms Krystyna Brzeskwinski. "For Kier to go wrong puts a question mark over his reputation." She said that corrective action was rapidly being taken but investors were hanging back to see if it worked. "At £133m forecast, the stock is on a cheap 36% discount to the market."

Mr Angus Phaure at County NatWest WoodMac was also positive, pointing out how good a deal last year's Koppers acquisition was. "But the London market had not interpreted correctly Brian Beazer's management changes at Kier," he said. "Give people a chance to vent their spleen on the disappointment before they realise how good a price Beazer is." He is sticking with his £130m forecast for the current year.

Another big jump in crude oil prices - May Brent was up soma 60 cents towards the close of business - had little impact on the oil majors which suffered from a "sell" recommendatioo issued by the oil team at County NatWest.

"We think it's time to sell BP and Shell, they look expensive," said Mr Ian Graham at County. Mr Graham said BP and Shell had increased their dividends by 6 per cent and 8 per cent respectively against increases in dividend by other top companies of between 20 and 25 per cent.

BP "old" shares fell 7 to 282p on turnover of 4.5m while the "new" gave up 6¼ to 177p on 2.5m. Shell slipped 7 to 382p on turnover of 2.6m and were additionally uneasy after stories in the market that the US subsidiary may be considering a bid for Burlington Resources, the US gas distribution group where Pennzoil recently built an 8.5 per cent stake.

The TSB news caused a few flutters among the clearing bank shares but sector analysts were quick to point out the much more limited exposure of the big four banks to the housing and mortgage markets, which generally account for around 10 per cent of loans.

Sun Life were a weak feature in the life assurance market with the shares down 27 at 928p after the disappointing figures released on Wednesday and a County NatWest WoodMac recommendation for clients to switch to Pearl.

Spring Ram continued to advance on the back of last week's results, closing 8 up at 289p but below the day's best.

Charles Baynes slipped a penny to 33p after announcing the issue of 35m new shares and the purchase of an Alida Holdings subsidiary. Alida stock slumped 40 to 320p, not because of the sale or the quarterly profits rise of 16 per cent, but because of a thinly veiled profits warning in the accompanying chairman's statement.

Of quietly traded Brewers, Scottish & Newcastle closed 12 lighter at 301p, after seeing some selling pressure. Otherwise, the leaders were little changed, although Bass fell 3 to 915p after its subsidiary Coral Racing bought Leisure Bookmakers from Leading Leisure for £19.2m.

Storehouse were also traded against the trend, ending the session 4 to the good at 184p on turnover of 3.5m shares. The word in the market was that Mr Asher Edelman, the US arbitrageur with at least 7.1 per cent of Storehouse, has finally got the funds together to launch his much heralded consortium bid. Three US banks are said to have pledged their support for the takeover attempt, and dealers were tentatively talking of an opening offer of just over £2 per share.

Cable & Wireless highlighted the electronics arena with the shares strongly bought up to 474p before easing marginally late in the session to close a net 8 up at 469p; turnover came out at 2.4m shares. Much of the demand was triggered by heavy interest in the June 500's in the traded options. There were various stories around the market, most notably revived talk that the company could be considering a flotation of its Mercury subsidiary, à la Racal. Dealers said there were also stories that a major "buy" note, highlighting the group's Hong Kong interests, from one of the leading US securities houses was imminent.

Unitech, up 5 at 319p, after 326p, continued their steep rise which has taken the shares some 50p higher over the past few days. Marketmakers reported a substantial increase in activity in the stock on Wednesday when some 3.88m were traded. Apart from the 29.9 per cent held by Swiss group Electrowatt, this represents some 8.5 per cent of the remainder of the shares in issue.

Glynwed improved to 329p on further consideration of Wednesday's finals before falling back to close a penny ahead on 326p. A 40 per cent fall in profits at Molins was poorly received and the stock plummeted 30 to 226p.

Speculation again surrounded food group Ranks Hovis Macdougall (RHM). As on Wednesday, the talk of a broker's upgrading and buy circular proved unfounded. The old story that Australian shareholder Goodman Fielder Wattie had found a buyer for its stake was also doing the rounds.

The current French affair with UK agencies heightened yesterday when private concern Motif Action snapped up some 14.9 per cent of the equity of Addison Consultancy. Smith New Court conducted the raid on the market, paying around 41p per share for Account settlement. The development intrigued traders because only a fortnight ago Addison announced it had received an approach which might lead to an offer. It was then generally assumed that MAI was the predator.

Stories abounded that Motif and MAI were only interested in Taylor Nelson, the jewel in Addison's crown, according to Mr Andrew Mills of BZW. The other divisions could be floated off or sold to their respective managements, he continued. WPP chief Mr Martin Sorrell will no doubt be keeping a close watch on events and could swoop if he sees a case to trade with any successful buyer. Addison shares retained virtually all of the early gain to end 4½ up at the best this year of 40½p.

Publishing groups began to attract interest ahead of trading statemeots next week. Pearson recorded business well above normal levels, owing largely to an agency cross involving 2m shares, and rose 4 to 695p; the preliminary results are scheduled for Monday. Maxwell Communication also went against the wider market trend, although the gain was clipped late to only 2, at 218p on hopes of good annual figures next Thursday. Higher full-year profits made little overall impression on shares of United Newspapers (466p), inflated recently by the live prospect of Mr Conrad Black, owner of the Daily Telegraph, increasing his small stake.

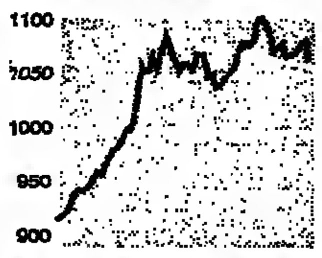
Saatchi & Saatchi showed signs of regaining stability after the prolonged slide on the profits warning and closed 6 higher at 290p.

Motor distributor and petrol retailer Davenport Vernon was the day's only new issue. Placed by County NatWest at 135p, the stock attracted reasonable two-way business, and peaked at 143p before settling at 138p by the close.

Most Properties weakened with the market, although Rosehaugh, the subject of speculation that it was a bid target for Canada's Olympia & York, maintained its recent good form, closing at 696p, up 3.

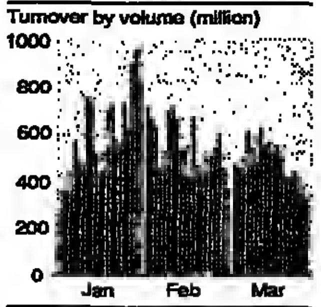
■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 27

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)



NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (149).

BRITISH FUNDS (2) Treas. 3pc 1989, Treas. 3pc II 1990, AMERICANS (15) CANADIANS (3) Abbot Energy, Central Cap. "A", Trans Can Pipe, BANKS (4) BREWERS (2) Clark (M.), Guinness 8¼pc Cv Ln, BUILDINGS (4) CHEMICALS (3) Leigh Ints. 6pc Pf, MTM, Viding Packaging, STORES (5) ELECTRICALS (7) ENGINEERING (16) FOODS (4) INDUSTRIALS (28) Assoc Brit Ports, Beecham, Bespak, Bowater Inds., Christies Intl., Co. of Designers, Electrolux, Elkem AS, Grampian Hldgs., Handley-Walker, Harris (Ph.), Hartons, Do. 7pc Pf, Hawthorn Leslie, Hunting Tech., Johnson Cleaners, Keep Tst., Lilleshall, Nestor-BNA, Oy Wartsila, Pistorl Intl., Serco, SmithKline Beckman, Spring Ram, Young (H.), INSURANCE (6) LEISURE (4) MOTORS (2) Jessups, Volvo, NEWSPAPERS (4) PAPERS (7) PROPERTY (7) SHIPPING (1) IoM Steam., TEXTILES (2) Lamont Hldgs., Toray, TRUSTS (16) OILS (4) Aviva Pet., Clyde Pet., Cullis Res., Royal Dutch, OVERSEAS TRADERS (1) Harrisons Cross., PLANTATIONS (1) Moran, MINES (4) THIRD MARKET (4) Comac, Leading Leis., Takare, Whitegate Leis.

NEW LOWS (38).

BRITISH FUNDS (1) Exch. 13½pc 1992, BANKS (1) Hambros, BREWERS (1) Scott & New., BUILDINGS (3) Baldwin, Bellwinch, McLaughlin & H., CHEMICALS (1) Plysu, STORES (2) Euro Home Prods., Specialeyes, ELECTRICALS (2) Apricot Comp., Star Comp., ENGINEERING (1) Borthwicks, FOODS (1) Matthews (B.), INDUSTRIALS (10) INSURANCE (1) Allied Ins. Brokers, LEISURE (2) Pavilion Leis., Trilion, NEWSPAPERS (1) Southnews, PAPERS (1) Usher Walker, PROPERTY (2) Hanover Druce, Union Square, Zurich Grp., TEXTILES (3) Atkins Bros., Drummond Grp., Tomkinsons, TRUSTS (2) Ghidehouse Grp. Wrrts., Lon. Forfaiting, OILS (1) Claremont (UK), MINES (2) Paringa Min., Pelsart Res.

APPOINTMENTS

Senior post at Shell

Mr C.A.J. Herkströter (above) will be appointed a managing director of N.V. KONINKLIJKE NEDERLANDSCHE PETROLEUM MAATSCHAPPIJ (Royal Dutch Petroleum Company) from July 1.

He will become a member of the board of Shell Petroleum N.V., a managing director of The Shell Petroleum Company, and a director of Shell Petroleum Inc, thereby becoming a group managing director.

He joined the group when Billiton was acquired by Shell Petroleum in 1971. After senior posts in the UK, France and Germany, in August 1988 he returned to The Hague to his present post as regional co-ordinator Europe, and a director of Shell Internationale Petroleum Maatschappij B.V.

■ Mr David Lovesey, who joined SEEBOARD as deputy chairman in 1987, has been appointed managing director-designate when it is privatised next spring. The executive directors will be: Mr John Quin, finance director, Mr Len Jones, operations director, Mr Jim Ellis, commercial director, Mr Terry Boley, corporate strategy director, and Mr Maunder Wide, administration director and company secretary.

■ THE EBBW VALE GARDEN FESTIVAL has appointed Mr Lyn Powell as chief executive. He was executive director. The festival opens in May 1992.

■ JOHN MOWLEM & CO has appointed Mr M. Lewis and Mr T.J. Aver to the board of its subsidiary, Mowlem Property Developments. Mr Lewis was development manager at Bristol and Mr Aver was project manager in London.

■ TICKFORD, transport specialist, has appointed Mr Michael Hamlyn as its first director of rail. He was consultant project manager for the Docklands Light Railway in London.

■ BIOSEPARATION ASSOCIATES, Livingstone, has appointed Dr Bill Duncan as non-executive chairman. He is chairman and chief executive of Coopers Animal Health, an ICI-Wellcome joint venture.

Finance director of B.A.T. Inds

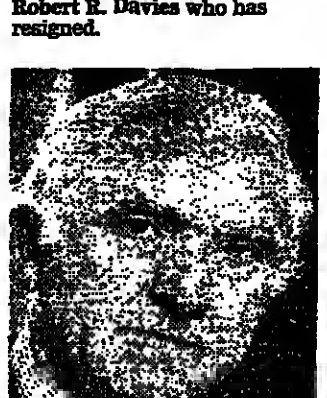
■ Mr David Allvey, head of the finance department of B.A.T. INDUSTRIES, joins the board as finance director on April 1.

Mr Martin Broughton, an executive director of B.A.T. Industries, has been appointed chairman of THE WIGGINS TEAPE GROUP, a subsidiary, from June 1. Mr Ian Kennedy becomes managing director of the group from April 1. Both appointments are in succession to Mr John Worlidge, who is retiring at the end of May.

■ Mr David Somers, managing director of Manufacturers Hanover Investment, has joined NIKKO CAPITAL MANAGEMENT (UK) as director of investment.

■ FIONEER INTERNATIONAL has appointed Mr Norman Nolan and Mr Peter Stancliffe as joint European general managers. Mr Nolan, based in London, will be responsible for the UK and West Germany, and Mr Stancliffe, in Madrid, will be responsible for Spain and Israel. Mr John Leevers, managing director of the UK readymixed concrete operations, replaces Mr Nolan as UK group managing director. Mr Bob Taylor, director of shore-based operations with United Marine Aggregates (a joint venture with Tarmac), replaces Mr Leevers as managing director, UK concrete division.

■ BUSINESS MORTGAGES TRUST has appointed Mr Bruce C.B. Clarke as finance director. He was company secretary, and succeeds Mr Robert E. Davies who has resigned.



EATON CORPORATION has appointed Mr Derek Dawson (above) as vice president, truck components Europe, with headquarters at Hounslow, and manufacturing plants in France, Spain and the UK. He was general manager of the transmission division at Galesburg, Michigan. Mr Dawson succeeds Mr John S. Rodewig who returns to the US as vice president, Eaton truck components worldwide, at the corporation's headquarters in Cleveland, Ohio.

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1200)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	47.22	47.69xd	50.73	+0.36	5.48
Gilts & Fixed Int	6	112.10	112.10xd	119.00	-0.2	8.40
High Inc Equity	6	130.80	133.80	142.30	+0.1	4.46
Worldwide Bond	6	188.20	188.20xd	199.50	+1.90	4.86
Capital Growth						
American Growth	6	160.40	162.30	172.60	-0.2	1.67
Asian Pacific	6	86.14	87.90	93.99	-0.23	.920
Assets & Earnings	6	158.00	162.30	172.60	+0.3	2.16
Capital Reserve Acc	0	83.93	83.93	83.94	-0.13	4.77
Comdty & Energy	6	96.87	94.74xd	100.10	+0.50	0.00
1992 Enterprise	6	54.78	55.73	59.30	+0.12	3.04
European Capital	6	78.30	70.91	83.94	+0.30	0.09
General	6	172.00	175.20xd	186.30	+0.30	2.42
Japan	6	106.50	108.30	115.20	+1.30	0.00
Mastertrust	6	80.48	81.93	87.15	+0.24	1.85
UK Growth Acc	6	198.00	206.40	219.50	+0.1	1.28
UK Growth Dist	6	132.40	138.50	147.30	+0.00	1.91
US Emerging Cos	6	46.46	48.06	51.12	+0.08	0.00
Income & Growth	6	286.20	292.30	310.90	+1.7	3.30
Ethical	6	48.29	49.47	52.62	—	2.38

Abtrust Management Ltd (1000)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American	5¼	43.43	43.43	46.36	+0.18	1.65
Australian	5¼	22.49	22.40	23.92	+0.03	1.13
European	5¼	55.30	55.56	59.34	+0.58	0.00
Extra Income	5	42.31	42.31xd	44.91	+0.01	4.44
Fund Inc Tst	5	118.8	118.8	126.9	+0.10	1.97
Do Accum	5	181.2	181.2	193.4	+0.20	1.97
Gilt & Fixed Inc	5¼	21.86	21.86xd	23.33	+0.00	10.02
Global Income	5¼	38.29	38.29	40.87	-0.90	4.44
Income & Growth	5¼	71.89	71.89	76.74	+0.16	3.70
Japan	5¼	182.3	182.3	194.6	+3.10	0.81

Buckmaster Mangmt Co Ltd—Contd.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
General Inc	5	303.1	303.1	320.5	.....	2.31
(Accum Units)	5	504.2	504.2	533.2	.....	2.31
Income	5	154.4	159.5	169.2	.....	3.00
(Accum Units)	5	295.0	304.7	323.5	.....	3.00
International	5	115.2	115.2	121.0	.....	2.11
(Accum Units)	5	157.1	157.1	166.1	.....	2.11
Smaller Co's	5	112.4	115.5	122.1	.....	0.93
(Accum Units)	5	123.0	126.1	133.0	.....	0.93
Inc Portfolio	2½	53.33	55.10	56.89	.....	3.56
(Accum Units)	2½	54.29	56.10	57.92	.....	3.56
High Income Port	3	48.27	48.44	50.20	.....	6.90

Burrage Unit Tst Mangmt Ltd (0905)F
117 Fenchurch St, London EC3M 5AL 01-480 7216

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
SM Bnd Gilt & FI	1¼	52.39	52.39xd	53.14	+0.01	11.57

CCL Unit Trusts Ltd (1400)F
74 Shepherds Bush Green, W12 8SD 01-740 7070

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK General Tst	5½	52.91	53.85	57.59	-0.09	2.70
Global Tst	5½	40.86	41.02	43.87	+0.32	2.30
Recovery Tst	5½	56.22	57.49xd	61.16	+0.02	2.61

CIBC Unit Tst Managers plc (1200)H
Cottons Ctr, Cottons Lane, Ldn. SE1 2QL 01 234 6000

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth Fd Acc	5	105.3	106.7	112.6	+0.1	3.51

CS Fund Managers Limited (1000)H
125 High Holborn, London WC1V 6PY 01-242 1148

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
CS America	5	53.07	53.07xd	56.46	—	0.72
CS International	5	53.69	53.69	57.11	+0.11	1.99
CS Japan	5	122.7	122.7	130.5	+1.0	0.32
CS Portfolio Inc ‡	5	70.70	70.70xd	75.21	+0.26	1.68

Canada Life Unit Tst Mgrs Ltd (1200)F
2-6 High St, Potters Bar, Herts 0707 51122

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Can Gen Dist	5	135.8	141.0	148.4	+0.30	3.12
Do Gen Accum	5	226.5	235.2	247.6	+0.60	3.12
Do Income Dist	5	44.73	98.43	101.6	+0.10	5.44
Do Inc Accum	5	212.8	221.2	232.9	+0.20	5.44
Gilt & Fxd Inc	5	36.59	36.67xd	30.00	-0.05	8.32

Cannon Fund Managers Ltd (0700)H
1 Olympic Way, Wembley, HA9 0NB
01-902 8876. Dealing: 0800 282621

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
[illegible] normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: [illegible] - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♦ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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Windsor Trust Mngrs Ltd (1200)F
83 Kingsway, London, WC2B 6SD 01-405 8331

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Capital & Equity	5	63.14	65.94	70.15	+0.06	5.70
European	5	59.87	60.37	64.22	+0.05	0.26
Far Eastern	5	56.04	56.09	59.67	+0.07	1.05
Growth Inc	5	89.27	92.98	96.92	+0.11	1.48
Growth Acc	5	00.77	92.98	98.92	+0.11	1.48
Income Inc	5	81.62	83.63	88.97	+0.21	3.61
Income Acc	5	81.62	83.63	88.97	+0.21	3.61
Property Share	5	58.76	55.78	59.41	-0.05	1.14
Smaller Co's	5	60.92	64.06	68.15	+0.06	1.44
Formerly BMC Trust Managers Ltd						
Nth American	5	53.97	35.97	37.72	+0.26	1.89
International	5	43.44	43.44	46.44	+0.47	1.52

Wright Seligman Fund Mngrs Ltd (1000)H
11 Bloomfield St, London EC2M 7AY 01-588 0992

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth	5	91.52	91.52	96.52	----	5.92

Weekly dealing day Tuesday

The Yorkshire Unit Tst Mngrs Ltd (1100)F
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Yorkshire General	5¼	61.99	64.19	68.29	-0.05	3.05
YGTM UK Eqty Mi Tr	5¼	59.94	61.99	65.95	+0.02	4.42
YGTM Intl Gwth Tr	5¼	46.14	46.74	49.85	+0.10	1.10

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Int'l Expt Feb 15		1428.8		445.31	----	-

Cent. Bd. of Fin. of Church of England
2 Fore Street, London EC2Y 5AQ 01-588 1815

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Inv Fund Feb 28			485.90		----	4.28
Fxd Int Sec Feb 28			142.55		----	10.83
Deposit Feb 28			100.00		----	12.55

Charities Official Invest. Fund

Allied Dunbar Assurance Plc
Allied Dunbar Ctr, Swindon SN1 1EL 0793 514514

	Bid Price	Offer Price	+ or -	Yield Gross
Fixed Int. Dep. Acc	256.9	270.5	+0.1	-
Equity Acc	819.5	862.7	+1.5	-
Property Acc	485.4	511.0	+0.2	-
Far East Acc	196.5	206.9	+1.7	-
European Acc	20.7	21.8	+0.1	-
Managed Acc	648.6	682.8	+0.9	-
Managed Cap	369.2	388.7	+0.5	-
O'seas Earnings Acc	543.2	571.8	+0.6	-
Gilt Edged Acc	315.4	332.1	-0.2	-
American Equity Acc	408.8	430.4	+1.5	-
American Man Acc	190.9	201.0	+0.7	-
American Prop Acc	139.5	146.9	+1.0	-
Pen.F.I. Dep Cap	282.7	297.6	-	-
Pen.F.I. Dep Acc	480.8	506.2	+0.1	-
Pen. Prop. Cap	568.8	598.8	-	-
Pen. Prop. Acc	1068.2	1124.5	+0.1	-
Pen. Man. Cap	794.7	836.6	+1.2	-
Pen. Man. Acc	1491.8	1570.4	+2.4	-
Pen.Gilt Edg.Cap	315.2	331.8	-0.1	-
Pen. Gilt Edg. Acc	483.4	508.9	+0.2	-
Pen. Eq. Cap	1299.6	1368.0	+2.4	-
Pen. Eq. Acc	1849.0	1946.4	+3.6	-
Pen. Am. Eq Cap	129.9	136.8	+0.8	-
Pen. Am. Eq Acc	155.7	163.9	+0.9	-
Pen. Far East Cap	235.7	248.2	-	-
Pen. Far East Acc	282.8	297.7	-	-
Pen. Euro Cap	23.4	24.7	+0.1	-
Pen. Euro Acc	25.5	26.7	+0.1	-
Pen. B.S. Acc	524.9	561.2	+0.2	-
Pen. B.S. Cap	317.3	333.2	+0.1	-
Pen. D.A.F. Acc	368.3	368.3	+0.2	-
Pen. D.A.F. Cap	249.9	249.0	+0.1	-
Pen. Mortgage Cap	141.9	149.4	+0.1	-
Pen. Mortgage Acc	170.1	179.1	+0.1	-
Dunbar Funds				
Pen Euro Cap	27.8	28.5	-	-
Pen Euro Acc	28.0	29.5	+0.1	-
Pen Am Eq Cap	28.7	30.3	+0.8	-
Pen Am Eq Acc	29.7	31.3	+0.8	-

INSURANCES

Continued on next page

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Pioneer Mutual Insurance Co Ltd
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Fund	291.4	306.8	-----	-
Man Pens Int & Cap Fd	381.5	401.6	-----	-
Money Fund	118.0	124.3	-----	-
Pens Mngd Fd (Init)	101.6	107.0	-----	-
Pens Mngd Fd (Acc)	121.7	128.2	-----	-
Pens FT30 Fd (Init)	142.7	150.3	-----	-
Pens FT30 Fd (Acc)	170.8	179.8	-----	-
Pens O'seas MgFd(Init)	72.0	75.8	-----	-
Pens O'seas MgFd(Acc)	86.2	90.8	-----	-
Pens Fxd Int Fd (Init)	104.9	110.5	-----	-
Pens Fxd Int Fd (Acc)	125.6	132.3	-----	-
Pens Deposit Fd (Init)	104.0	109.5	-----	-
Pens Deposit Fd (Acc)	124.5	131.1	-----	-

Premium Life Assurance Co Ltd
37-39, Perrymount Road, Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or -	Yield Gross
American	111.0	117.0	+1.0	-
Building Soc. Fd	168.0	177.0	-----	-
Balanced	274.0	289.0	-----	-
European	156.00	165.00	+1.0	-
GT Managed	174.0	184.0	-----	-
Cartmore Mngd	111.0	117.0	-----	-
German	103.0	109.0	-----	-
Gilt	176.0	186.0	-----	-
Global	48.0	51.0	-----	-
High Inc	116.0	123.0	-----	-
International Equity	180.0	190.0	-----	-
Japan	236.0	249.0	+1.0	-
Managed	62.0	66.0	-----	-
Property	276.0	291.0	-----	-
R. W. Imperial Gold	131.0	138.0	-----	-
UK Equity	370.0	390.0	-2.0	-
Pension Funds				
American	135.0	143.0	-----	-
Building Soc. Fd	167.0	176.0	-----	-
Balanced	213.0	225.0	-----	-
European	152.0	160.0	-----	-
German	95.0	102.0	-----	-
Gilt	149.0	157.0	-----	-
International Equity	133.0	140.0	-----	-
Japan	133.0	140.0	-----	-

Prudential Holborn Pensions Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	535.9	564.2	+0.3	-
Equity	776.1	817.0	-0.1	-
Global Equity	219.3	230.9	+1.0	-
Fixed Interest	399.0	420.9	-0.2	-
Property	378.1	398.0	-----	-
Cash	152.6	160.7	+0.1	-
Index Linked Gilt	194.9	205.2	-0.7	-
Guaranteed	12.06		-0.12	-
International Money	197.1	207.5	+1.0	-
North American	59.7	62.9	+0.1	-
Japanese	135.0	142.2	+0.6	-
European	80.8	85.1	+0.4	-
Special Situations	113.2	119.2	-0.3	-
Communications	95.1	100.2	+0.1	-
Smaller Companies	107.5	113.2	-0.3	-
International Small Co	117.1	123.3	+0.4	-

Prudential Pensions Limited
Holborn Bars, London EC1N 2NH 01-405 9222

	Bid Price	Offer Price	+ or -	Yield Gross
Discretionary Mar 29	£148.04	158.15	+0.46	-
Equity Mar 29	£163.11	169.07	+0.24	-
International Mar 29	£23.55	24.27	+0.26	-
Intl Bond Mar 29	£11.23	11.38	+0.17	-
Fixed Int Mar 29	£71.77	72.73	-0.01	-
Index Linked Mar 29	£60.79	61.54	+0.08	-
Property Mar 29	£106.14	112.53	+0.15	-
Cash Mar 29	£20.3706	20.3706	+0.0486	-
Pru-Linked Retirement Plan				
Managed Mar 22	368.5	383.9	-----	-
Cash Mar 22	191.6	199.6	-----	-
Prudential Pensions Investment Account				
Pens Mngd Mar 30	150.2	158.2	-0.8	-
Pens UK Eq Mar 30	291.9	307.3	-2.2	-
Pens Intl Mar 30	172.9	182.1	+0.00	-
Pens Fixed Mar 30	164.6	173.3	+0.3	-
Pens Index Lk Mar 30	154.7	162.9	-0.2	-
Pens Cash Mar 30	125.2	131.8	+0.0	-

Regency Life Assurance Co Ltd

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

BERMUDA AUTHORISED

JERSEY (**)

GUERNSEY (**)

FT UNIT TRUST INFORMATION SERVICE

ISLE OF MAN (**)

LUXEMBOURG (**)

OFFSHORE INSURANCES

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1989 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
[illegible]	[illegible]	Treas 9½pc Cnv 1989	[illegible]		[illegible]	12.75
[illegible]	[illegible]	Treas 3pc 1989	[illegible]	[illegible]	[illegible]	9.40
[illegible]	[illegible]	Treas 10½pc 1989	[illegible]		[illegible]	12.52
[illegible]	[illegible]	Exch 10pc 1989	[illegible]		[illegible]	12.34
[illegible]	[illegible]	Exch 11pc 1989	[illegible]		[illegible]	12.30
[illegible]	[illegible]	Treas 5pc 1986-89	[illegible]		[illegible]	10.31
[illegible]	[illegible]	Exch 10½pcCv '89	[illegible]		[illegible]	11.12
[illegible]	[illegible]	Treas 13pc 1990‡‡	[illegible]	[illegible]	[illegible]	11.84
[illegible]	[illegible]	Exch 11pc 1990‡‡	[illegible]	[illegible]	[illegible]	11.85
[illegible]	[illegible]	Exch 12½pc 1990	[illegible]	[illegible]	[illegible]	11.86
[illegible]	[illegible]	Treas 3pc 1990	[illegible]	[illegible]	[illegible]	9.59
[illegible]	[illegible]	Treas 8¼pc 1987-90‡‡	[illegible]	[illegible]	[illegible]	10.90
[illegible]	[illegible]	Treas. 8pc Cv 1990 ‡‡	[illegible]	[illegible]	[illegible]	10.90
[illegible]	[illegible]	Treas 10pcCv 1990	[illegible]		[illegible]	11.55
[illegible]	[illegible]	Exch 2½pc 1990	[illegible]		2.79	9.36
[illegible]	[illegible]	Treas 11¾pc 1991	[illegible]	[illegible]	11.69	11.42
[illegible]	[illegible]	Funding 5¾pc '87-91‡‡	[illegible]		6.28	10.47
[illegible]	[illegible]	Treas 3pc 1991	[illegible]	[illegible]	3.41	9.45
[illegible]	[illegible]	Treas 10pc Cv '91 ‡‡	[illegible]	[illegible]	10.20	11.02
[illegible]	[illegible]	Exch. 11pc 1991	[illegible]	[illegible]	11.04	11.18
[illegible]	[illegible]	Treas. 8pc 1991	[illegible]		8.62	11.13
[illegible]	[illegible]	Treas 12¾pc 1992‡‡	[illegible]	[illegible]	12.21	10.87
[illegible]	[illegible]	Treas 10pc 1992	[illegible]	[illegible]	10.23	10.91
[illegible]	[illegible]	Treas. 8pc 1992 ‡‡	[illegible]		8.64	10.93
[illegible]	[illegible]	Treas 10½pc Cv 1992‡‡	[illegible]	[illegible]	10.61	10.88
[illegible]	[illegible]	Treas. 3pc 1992	[illegible]	[illegible]	3.58	8.90
[illegible]	[illegible]	Exch. 12¼pc '92	[illegible]	[illegible]	11.81	10.90

Five to Fifteen Years

Over Fifteen Years

BRITISH FUNDS—Contd

Undated

Index-Linked

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

LONDON SHARE SERVICE

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CANADIANS

1989 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
157p	130p	♦A&M Gold Corp ‖	130p	.....	–	–	–
17½p	4½p	♦Abbot Energy Corp.	17½p	+⅛	–	–	–
13¼	902p	♦Amer. Barrick Res.	12	.....	–	–	–
3¼p	2½p	♦Amer. Lightwave ‖	2½p	.....	–	–	–
19½p	12¼p	♦Armeno	14½p	.....	–	–	–
109p	94p	♦Asiamerica ‖	100p	.....	–	–	–
33½p	23p	♦Augmitto Expln.	24½p	.....	–	–	–
14⅝	12⅞	Bk. Montreal ‖	13⅞	+⅛	$2.12	–	7.3
762p	655p	Bk. Nova Scot. ‖	725p	+19	84c	–	5.6
18¼	17	BCE ‖	10⅝	+¼	$2.44	–	6.4
764p	570p	♦Bow Valley‖	750p	−5	♦40c	–	2.6
14¼	12¼	♦Brascan‖	13¼	−⅛	88c	–	3.2
228p	184p	♦Breakwater Res.	193p	+2	10c	–	2.5
13½	11¼	Can.Imp Bank‖	13	+⅛	$1.16	–	4.3
12¼	997p	Can. Pacific ‖	11½	−⅛	76c	–	3.2
38½	38½	Do. 4pc Deb £100	38½	.....	4%	–	10.4
446p	374p	Central Capital "A" ‖.	446p	+17	–	–	–
448p	340p	♦Corona Corp.	421p	−1	–	–	–
373p	228p	♦Cons TVX Min.	341p	−7	–	–	–
48½p	19½p	♦Danbus Mem. Syst.‖	22½p	+½	–	–	–
633p	524p	♦Derlan Inds ‖	613p	−2	11.75c	–	0.9
953p	751p	♦Echo Bay Mines	892p	−27	$0.07	–	0.4
572p	370p	♦ECO Corp ‖	421p	−8	–	–	–
16¼p	9½p	♦Energex Minerals‖	10½p	−⅛	–	–	–
234p	203p	♦Galactic Resources	226p	.....	–	–	–
330p	243p	Gandalf Techs. Inc.	248p	−8	–	–	–
54½p	34p	♦Geodome Res.	37½p	.....	–	–	–
183p	150p	Granges Expln‖	154p	−5	–	–	–
27½p	6p	♦Gt Pacific Res.	16⅞p	−⅛	–	–	–
779p	651p	♦Gulf Canada‖	719p	+1	52c	–	3.5
12⅛	10¼	♦Hawker Sid Can‖	12	.....	$1.08	–	4.3
536p	348p	♦Henlys Group	490p	+5	–	–	–
12⅞	11½	♦Hudson's Bay ‖	12⅞	.....	60c	–	2.2
28¼	23	♦Imperial Oil‖	26¼	+⅛	$1.80	–	3.3
18⅞	14¼	Inco‖	16½	+⅛	$0.80	–	2.8
659p	599p	♦Inland Nat. Gas $1.	657p	−2	60c	–	4.4
150½p	102p	♦Madeleine Mines	144p	+2	–	–	–
193p	163p	♦Muscocho Expln.	174p	−5	–	–	–
126p	85½p	♦Nevada Goldfields	119p	−½	–	–	–
12⅛	10⅞	♦Rio Algom	11⅛	−¼	$1.30	–	5.4
19⅝	17¼	Royal Bk. Can. ‖	19½	.....	$2.20	–	5.4
40⅞	33⅛	Seagram‖	40¼	+½	US$1.40	–	2.0
112p	74½p	♦Sonora Gold Corp‖	104p	−½	–	–	–
85p	33p	♦Spiral Eng ‖	74½p	.....	–	–	–
109p	73p	♦Tara Pure Tech. Corp‖.	101p	+4	–	–	–
19⅝	16¼	Toronto-Dom. Bk.‖	19	.....	$1.12	–	2.8
799p	686p	♦Trans Can Pipe	799p	+29	68c	–	4.1
183p	154p	Varity Corp‖	159p	−9	B	–	–

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd.

INSURANCES

LEISURE

هكذا اصل الأصل

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LEISURE—Contd

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND—Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

THIRD MARKET

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- "Tap Stock"
- Highs and lows marked thus have been adjusted to allow for rights issues for cash
- Interim since increased or resumed
- Interim since reduced, passed or deferred
- Tax-free to non-residents on application
- Figures or report awaited
- Not officially UK listed; dealings permitted under rule 535(4)(a)
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- Dealt in under Rule 535(3)
- Price at time of suspension
- Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- Merger bid or reorganisation in progress
- Not comparable
- Same interim; reduced final and/or reduced earnings indicated
- Forecast dividend; cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- No par value

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p.... γ	91	−1
Craig & Rose £1.. γ	720	......
Finlay Pkg. 5p.... γ	91	......
Holt (Jos) 25p.... γ	1280	+5

IRISH

Cap. 8¼% Ln. 1991	£100¾	......
9pc Cap Ln. 1996..	£101	......
Fin. 13% 97/02...	£120½	......
Arnotts..................	400	+10
Carrol (P.J.)...... γ	149	......
Hall (R. & H.)......	145	......
Heiton Hldgs....... γ	70	......
Irish Ropes..........	160	−8

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	18
BAT	40
BOC Grp.	36
BSR	7½
BTR	26
Barclays	34
Beecham	40
Blue Circle	39
Boots	20
Bowaters	38
Brit. Aerospace	42
Brit. Telecom	21
Burton Ord	18
Cadburys	32
Charter Cons.	45
Comm Union	28
Courtaulds	26
FKI Babcock	13
FNFC	21
Gen Accident	71
GEC	13
Glaxo	90
Grand Met	38
GUS 'A'	90
Guardian	36
GKN	28
Hanson	12
Hawker Sidd	48
ICI	85
Jaguar	22
Ladbroke	38
Legal & Gen	26
Lex Service	34
Lloyds Bank	29
Lucas Inds.	48
Marks & Spencer	13
Midland Bk	35
Morgan Grenfell	28
NEI	12
Nat West Bk	45
P & O Dfd	48
Plessey	15
Polly Peck	28
Racal Elect.	25
RHM	32
Rank Org Ord.	63
Reed Intnl	38
STC	24
Sears	13
TI	32
TSB	9
Tesco	12
Thorn EMI	55
Trust Houses	24
T&N	16
Unilever	42
Vickers	13
Wellcome	42
Property	
Brit Land	30
Land Securities	52
MEPC	30
Oils	
Brit Petroleum	21
Do. (P. Paid)	12
Burmah Oil	48
Calor	35
Charterhall	2½
Premier	9
Shell	85
Ultramar	23
Mines	
Cons Gold	100
Lonrho	38
RTZ	40

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar held in narrow range

TWO DAYS of central bank intervention and the proximity of the Group of Seven nations meeting were sufficient to halt the dollar's recent bull run in currency markets yesterday. However, most investors view the dollar as an appreciating asset in the short term. This is because US interest rates are unlikely to fall from current levels until there are positive signs of a slow down in US economic growth.

The next key pointer is due for release next Friday when employment data for March are released. Until then, there is likely to be little incentive to open fresh positions. Trading volume was also inhibited by the end of the Japanese financial year which deterred institutions from carrying positions over into the new fiscal year.

The dollar failed to break through the DM1.9000 level and finished at DM1.8930 compared with DM1.8915 on Wednesday. Against the yen it finished at Y132.75 from Y132.85. Elsewhere, it closed at SFr1.6530 from SFr1.6455 and FFr6.3935 against FFr6.3850. On Bank of Eogland figures, the dollar's exchange rate index closed at 68.6 from 68.8 on Wednesday.

News of a 2.3 per cent fall in US factory goods orders in February contrasted sharply with market expectations of a 1.2 per cent decline but failed to have any impact on the dollar.

Sterling moved lower in line with the dollar. The release of worse than expected UK trade data for February on Wednesday gave most investors some cause for concern, although the reaction in terms of the pound's value appeared to be less than expected, mainly because many traders had been carrying short positions ahead of the announcement.

The pound's exchange rate index closed at 95.3, up from the day's low of 95.2 but down from 95.5 touched at the opening and the close on Wednesday.

Sterling fell to $1.6850 from $1.6905 and DM3.1900 from DM3.1975. It was also weaker against the yen at Y223.75 from Y224.50. Elsewhere, it finished at FFr10.7725 from FFr10.7950 and SFr2.7850 from SFr2.7825.

However, most traders do not expect the pound to fall significantly - at least for the time being. The UK authorities have repeatedly made clear the inclusion of a strong pound as part of the anti-inflationary stance being taken. Sustained downward pressure on the pound is likely to bring support from the Bank of England either through direct intervention in currency markets or higher interest rates.

While sterling sentiment is rather in the doldrums at the moment after the poor reception to the trade figures, Mr Nigel Lawson, UK Chancellor, has often made it clear that the shortfall in exports over imports is likely to be one of the last major economic indicators to respond to the Government's tight monetary stance.

EURO-CURRENCY INTEREST RATES

Mar.30	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	12⅞-12⅝	12⅞-12⅝	12⅞-12⅞	13⅛-12⅞	13⅛-13	12⅞-12⅞
US Dollar	9¾-9⅝	9⅞-9¾	10⅛-9⅞	10⅛-10⅛	10⅜-10⅛	11⅛-10⅞
Can. Dollar	12-11¾	11¾-11½	11¾-11½	12⅛-11⅞	12½-12¼	12¾-12½
D. Guilder	6¾-6½	6½-6¼	6½-6⅜	6⅝-6⅜	6⅞-6⅞	7⅛-7⅛
Sw. Franc	5¾-5½	5¾-5½	5¾-5⅝	5⅞-5⅝	6⅛-6	6⅛-6⅛
Deutschmark	5⅞-5⅞	5¾-5½	6-5⅞	6⅛-6⅛	6⅝-6⅝	7-6⅞
Fr. Franc	8⅛-8⅞	8⅞-8⅞	8⅞-8⅞	8⅞-8⅞	9⅛-8⅞	9¼-9⅛
Italian Lire	11-9	10⅞-9⅞	11⅛-11	12-11½	12½-12¼	13-12⅞
B. Fr. (Fin)	7⅞-7⅛	8-7⅞	8-7⅞	8⅛-8⅛	8⅛-8⅛	8⅛-8⅛
B. Fr. (Con.)	7⅛-7⅛	8⅛-7⅞	8⅛-7⅞	8⅛-8	8⅛-8⅛	8⅞-8⅞
Yen	4⅛-4⅛	4⅛-4⅛	4⅛-4⅛	4⅝-4⅝	4⅝-4⅝	4⅞-4⅞
D. Krone	8⅞-8⅛	8⅞-8⅛	8⅞-8⅞	8⅞-8⅞	8⅞-8⅞	9⅛-8⅞
Asian $Sing	9⅛-9⅛	9⅞-9⅞	10⅛-10	10⅛-10⅛	10⅞-10⅛	11⅛-10⅞

Long term Eurodollars: two years 10⅞-10¾ per cent; three years 10⅝-10½ per cent; four years 10⅝-10⅛ per cent; five years 10½-10⅜ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

£ IN NEW YORK

Mar.30	Latest	Previous Close
£ Spot	1.6890-1.6900	1.6855-1.6865
1 month	0.48-0.47pm	0.34-0.33pm
3 months	1.39-1.36pm	1.07-1.02pm
12 months	3.72-3.65pm	2.40-2.30pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

		Mar.30	Previous
8.30	am	95.5	95.6
9.00	am	95.4	95.7
10.00	am	95.4	95.6
11.00	am	95.4	95.7
Noon		95.3	95.4
1.00	pm	95.4	95.4
2.00	pm	95.3	95.4
3.00	pm	95.2	95.3
4.00	pm	95.3	95.5

CURRENCY RATES

Mar.30	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	-	0.766275	0.653000
U.S Dollar	7	1.29171	1.10259
Canadian $	11.54	1.54346	1.31649
Austrian Sch.	4	17.1991	14.6457
Belgian Franc	7.75	51.2454	43.5771
Danish Krone	7½	9.53217	8.10514
Deutsche Mark	4	N/A	2.08147
Neth Guilder	5.00	2.75909	2.34752
French Franc	9½	8.25661	7.03011
Italian Lira	13½	1794.90	1527.64
Japanese Yen	2½	172.185	146.818
Norway Krone	8	8.87146	7.56267
Spanish Peseta	-	152.207	129.687
Swedish Krona	8½	8.32249	7.09296
Swiss Franc	4	2.13390	1.81707
Greek Drach.	20½	N/A	175.962
Irish Punt	-	N/A	0.779546

*All SDR rates are for Mar.29

CURRENCY MOVEMENTS

Mar.30	Bank of England Index	Morgan** Guaranty Changes %
Sterling	95.3	-16.1
U.S Dollar	68.6	-9.4
Canadian Dollar	102.6	-0.7
Austrian Schilling	106.5	+5.8
Belgian Franc	105.7	-6.4
Danish Krone	102.8	-2.1
Deutsche Mark	112.5	+20.5
Swiss Franc	105.4	+15.2
Guilder	109.9	+12.9
French Franc	99.5	-15.1
Lira	97.2	-20.4
Yen	147.4	+78.9

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100) **Rates are for Mar.29.

OTHER CURRENCIES

Mar.30	£	$
Argentina	84.6625-84.8415	50.2000-50.3000
Australia	2.0595-2.0625	1.2205-1.2215
Brazil	1.6775-1.6870	0.9950-1.0000
Finland	7.1545-7.1675	4.3450-4.2470
Greece	267.25-271.55	158.25-160.80
Hong Kong	13.1335-13.1465	7.7855-7.7875
Iran	120.20*	70.20*
KoreaS(Sth)	1131.30-1140.40	670.40-675.80
Kuwait	0.48890-0.49170	0.29000-0.29100
Luxembourg	66.60-66.70	39.50-39.60
Malaysia	4.6530-4.6645	2.7590-2.7620
Mexico	4035.60-4047.10	2393.00-2399.00
N. Zealand	2.7415-2.7465	1.6245-1.6275
Saudi Ar.	6.3240-6.3340	3.7505-3.7515
Singapore	3.3040-3.3095	1.9580-1.9600
S. Af (Cm)	4.3115-4.3225	2.5565-2.5595
S. Af (Fn)	6.9165-7.0605	4.0985-4.1840
Taiwan	46.00-46.25	27.30-27.50
U.A.E.	6.1900-6.2010	3.6725-3.6735

*Selling rate

POUND SPOT- FORWARD AGAINST THE POUND

Mar.30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6845-1.6945	1.6845-1.6855	0.38-0.35cpm	2.60	1.09-1.04pm	2.53
Canada	2.0090-2.0205	2.0100-2.0110	0.22-0.11cpm	0.98	0.45-0.28pm	0.73
Netherlands	3.58¾-3.60¾	3.59¼-3.60¼	1⅞-1⅛cpm	6.05	5⅛-5⅛pm	5.91
Belgium	66.55-66.95	66.60-66.70	28-24cpm	4.68	82-74pm	4.68
Denmark	12.39½-12.44	12.39¼-12.40¼	4⅛-4⅛orepm	4.41	13½-12⅛pm	4.07
Ireland	1.1915-1.1990	1.1940-1.1950	0.50-0.45cpm	4.77	1.50-1.40pm	4.86
W. Germany	3.18¾-3.19½	3.18¼-3.19¼	1⅛-1⅛pfpm	6.35	5⅛-4⅞pm	6.27
Portugal	261.65-263.55	262.00-263.00	12-24cdis	-0.82	18-106dis	-0.94
Spain	198.10-199.00	198.35-198.65	18-8cpm	0.79	36-21pm	0.57
Italy	2334½-2346½	2338½-2339½	4-2lirepm	1.54	6-4pm	0.86
Norway	11.55-11.59¼	11.55½-11.56½	1⅞-1⅛orepm	1.56	4⅞-4⅛pm	1.56
France	10.75-10.79¼	10.76¾-10.77¾	3¾-3½cpm	4.04	10⅞-10⅛pm	3.92
Sweden	10.84¼-10.89	10.85-10.86	1⅞-1⅛orepm	1.66	4⅛-4⅛pm	1.61
Japan	223-224¼	223¼-224¼	1⅛-1⅛ypm	9.05	4⅞-4⅞pm	8.16
Austria	22.36-22.46	22.41-22.44	11½-10⅛gropm	5.92	34¼-32⅞pm	5.99
Switzerland	2.77½-2.79	2.78-2.79	1⅝-1⅛cpm	6.73	4⅞-4⅞pm	6.82

Belgian rate is convertible francs. Financial franc 66.85-66.95. Six-month forward dollar 1.86-1.81cpm 12 months 2.68-2.61cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Mar.30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6845-1.6945	1.6845-1.6855	0.38-0.35cpm	2.60	1.09-1.04pm	2.53
Ireland†	1.4100-1.4165	1.4100-1.4110	0.30-0.35cdis	-2.76	0.86-0.96dis	-2.57
Canada	1.1915-1.1955	1.1930-1.1940	8.14-0.18cdis	-1.61	0.53-0.59dis	-1.88
Netherlands	2.1245-2.1355	2.1345-2.1355	0.64-0.61cpm	3.52	1.86-1.82pm	3.46
Belgium	39.45-39.60	39.50-39.60	7.70-6.20cpm	2.11	23.00-20.00pm	2.18
Denmark	7.34-7.37¼	7.35¼-7.36¼	1.25-1.00orepm	1.84	3.40-3.00pm	1.74
W. Germany	1.8840-1.8936	1.8925-1.8935	0.64-0.61cpm	3.97	1.82-1.78pm	3.81
Portugal	155¼-156	155¼-156	27-47cdis	-2.85	115-165dis	-3.60
Spain	117.40-118.00	117.65-117.75	16-19cdis	-1.78	55-60dis	-1.95
Italy	1382-1388¼	1387¾-1388¼	1.60-2.10liredis	-1.60	5.60-6.20dis	-1.71
Norway	6.84-6.86½	6.85¼-6.86¼	0.45-0.70oredis	-1.01	1.55-1.85dis	-0.99
France	6.36¼-6.39¼	6.39-6.39½	0.83-0.78cpm	1.51	2.35-2.25pm	1.44
Sweden	6.42-6.44½	6.44-6.44½	0.45-0.60oredis	-0.98	1.30-1.60dis	-0.90
Japan	132.10-132.85	132.70-132.80	0.75-0.73ypm	6.70	1.90-1.87pm	5.69
Austria	13.26-13.31	13.29-13.29½	4.00-3.60gropm	3.44	12.25-10.00pm	3.35
Switzerland	1.6425-1.6540	1.6525-1.6535	0.60-0.57cpm	4.26	1.79-1.75pm	4.30

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 39.65-39.75.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Mar.30	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.5771	+2.64	+0.90	±1.5344
Danish Krone	7.85212	8.10514	+3.22	+1.48	±1.6404
German D-Mark	2.05853	2.08147	+1.11	-0.63	±1.0981
French Franc	6.90403	7.03011	+1.83	+0.09	±1.3674
Dutch Guilder	2.31943	2.34752	+1.21	-0.53	±1.5012
Irish Punt	0.768411	0.779546	+1.45	-0.29	±1.6684
Italian Lira	1483.58	1527.64	+2.97	+1.94	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Mar.30	£	$	DM	Yen	F Fr.	S Fr.	H FL	Lira	C $	B Fr.
£	1	1.685	3.190	223.8	10.77	2.785	3.598	2339	2.011	66.65
$	0.593	1	1.893	132.8	6.392	1.653	2.135	1388	1.193	39.55
DM	0.313	0.528	1	70.16	3.376	0.873	1.128	733.2	0.630	20.89
YEN	4.468	7.529	14.25	1000.	48.12	12.44	16.08	10451	8.986	297.8
F Fr.	0.929	1.565	2.962	207.8	10.	2.586	3.341	2172	1.867	61.88
S Fr.	0.359	0.605	1.145	80.36	3.867	1	1.292	839.9	0.722	23.93
H FL	0.278	0.468	0.887	62.20	2.993	0.774	1	650.1	0.559	18.52
Lira	0.428	0.720	1.364	95.68	4.605	1.191	1.538	1000.	0.860	28.50
C $	0.497	0.838	1.586	111.3	5.356	1.385	1.789	1163	1	33.14
B Fr.	1.500	2.528	4.786	335.8	16.16	4.179	5.398	3509	3.017	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Sentiment turns against pound

THERE WAS a slightly firmer opening to sterling interest rate contracts on Liffe yesterday. The improvement was short lived however, as the market began to take heed of the warnings about a deterioration in the UK trade position.

June short sterling opened at 87.16, which proved to be the day's high. The contract then weakened in line with a fall in the value of the pound, amid fears that the Chancellor's forecast, at the time of the Budget, of a £14.5bn current account deficit for the year could prove much too optimistic.

Volume remained thin, with June delivery closing at 87.05, compared with 87.14 on Wednesday, and slightly above the day's low of 87.03.

After Wednesday's surprisingly good performance by short sterling, the predominant view yesterday was that the risks of a weakening of the pound have increased significantly. Under the circumstances sentiment turned against sterling instruments. Long gilt futures for June delivery opened at 97-09, which was almost the day's high, and fell to 96-24, against 97-07 previously.

LIFFE LONG GILT FUTURES OPTIONS [illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS [illegible]

LIFFE FT-SE INDEX FUTURES OPTIONS [illegible]

LIFFE £/$ OPTIONS [illegible]

LIFFE EURODOLLAR OPTIONS [illegible]

LIFFE SHORT STERLING [illegible]

PHILADELPHIA SE £/$ OPTIONS [illegible]

LONDON SE £/$ OPTIONS [illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT [illegible]

7-10 YEAR 9% NOTIONAL GILT [illegible]

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND [illegible]

THREE-MONTH STERLING [illegible]

FT-SE 100 INDEX [illegible]

THREE-MONTH EURODOLLAR [illegible]

US TREASURY BONDS [illegible]

6% NOTIONAL GERMAN GOVT. BOND [illegible]

POUND-$ (FOREIGN EXCHANGE) [illegible]

DM-STERLING [illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8% [illegible]

JAPANESE YEN (IMM) [illegible]

DEUTSCHE MARK (IMM) [illegible]

U.S. TREASURY BILLS (IMM) [illegible]

THREE-MONTH EURODOLLAR (IMM) [illegible]

SWISS FRANC (IMM) [illegible]

STANDARD & POORS 500 INDEX [illegible]

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS : 44,814

A=Ask B=Bid C=Call P=Put

MONEY MARKETS

London rates steady

INTEREST RATES were steady in London yesterday, desptte a nervous undertone created by Wednesday's disappointing UK trade figures for February. Sterling was soft, but dealers pointed out that it has not yet fallen sharply oo the trade data. The market also took heart from the relaxed attitude of the Bank of England and the lack of support to prop up the pound. Three-month sterling interbank closed unchanged at 13⅛-12⅞ per cent.

UK clearing bank base lending rate 13 per cent from November 25

The Bank of England initially forecast a London money market credit shortage of £550m, but revised this to £500m at noon. Total help of £494m was provided.

Before lunch the authorities bought £287m bank bills outright, by way of £50m Treasury bills in band 1 at 12¾ per cent; £232m bank bills in band 1 at 12¾ per cent; and £5m bank bills in band 2 at 12⅞ per cent.

In the afternoon the Bank of England purchased another £207m bills outright, via £103m Treasury bills in band 1 at 12¾ per cent and £104m bank bills in band 1 at 12¾ per cent. [illegible] during in official [illegible] of late assistance and a take-up of Treasury bills drained £516m, with a rise in the note circulation absorbing £45m and bank balances below target £25m. These factors outweighed Exchequer transactions adding £15m to liquidity.

In New York the US Federal Reserve intervened to add temporary reserves to the banking system. The Fed provided liquidity of $1bn, through customer repurchase agreements, when Federal funds were trading at 9¾ per cent.

In Frankfurt the money market was awash with funds. Call money fell below 4.50 per cent, the level at which the Bundesbank sells three-day Treasury bills to absorb any surplus.

There was a general reluctance among banks to accept the Bundesbank's offer of bills for fear of tying up money across the month-end. Call money was, therefore, freely available and the rate fell sharply, but is expected to rise back towards 5 per cent today as banks put money into increasing their reserve holdings with the central bank.

Today's reserve holdings will not only count towards assessing the monthly average for March, but will also be calculated twice in determining average holdings for next month.

FT LONDON INTERBANK FIXING

(11.00 a.m. Mar.30) 3 months US dollars		6 months US Dollars	
bid 10⅛	offer 10⅛	bid 10⅛	offer 10⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime) — Treasury Bills and Bonds

Prime rate	11½	One month	9.91	Three year	9.73
Broker loan rate	10⅞-½	Two month	8.82	Four year	9.66
Fed. funds	9¾	Three month	9.25	Five year	9.60
Fed. funds at intervention	-	Six month	9.61	Seven year	9.47
		One year	9.70	10-year	9.35
		Two year	9.80	30-year	9.16

Mar.30	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	4.25-4.50	6.00-6.15	6.10-6.25	5.35-6.55	6.70-6.85	6.80
Paris	8⅞-8⅞	8½-8⅝	8⅞-8⅞	8⅞-8⅞	8⅞-9⅛	7.25
Zurich	5¼-5⅛	5⅞-5⅞	-	5⅞-6	-	-
Amsterdam	6.56-6.68	6.46-6.56	-	6.70-6.80	-	-
Tokyo	4⅛-4⅛	4⅞-4⅞	-	4⅛-4⅛	-	-
Milan	12⅛-13	12-12½	-	12⅞-12⅞	-	-
Brussels	5.55	7⅞-8	-	8⅞-8¼	-	-
Dublin	7¼-7½	7¼-8	7⅞-8¼	8¼-8¼	8⅛-8¼	-

LONDON MONEY RATES

Mar.30	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	13	12¾	12⅞	13⅛	13⅛	12⅞
Interbank Bid	11¾	12½	12⅞	12⅞	12⅞	12¾
Sterling CDs	-	-	12⅞	13	13	12¾
Local Authority Deps.	12¾	12⅝	12⅞	12⅞	12⅞	12⅞
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	13	12¾	12⅞	12¾	-	-
Company Deposits	-	-	12⅞	13⅛	13⅛	12¾
Finance House Deposits	-	-	12⅞	12⅞	12⅞	12¾
Treasury Bills (Buy)	-	-	12⅞	12⅞	-	-
Bank Bills (Buy)	-	-	12⅞	12⅞	12¼	-
Fine Trade Bills (Buy)	-	-	13¼	13⅛	12⅞	-
Dollar CDs	-	-	10.05	10.25	10.60	10.95
SDR Linked Dep Offer	-	-	8⅞	8⅞	8⅞	9⅛
SDR Linked Dep Bid	-	-	8⅛	8⅞	8⅞	9⅛
ECU Linked Dep Offer	-	-	8⅞	8⅞	9⅛	9⅞
ECU Linked Dep Bid	-	-	8⅛	8⅞	8⅞	9⅛

Treasury Bills (sell): one-month 12⅞ per cent; three months 12⅞ per cent; Bank Bills (sell): one-month per cent; three months per cent; Treasury Bills; Average tender rate of discount 12.4090 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day March 31, 1989. Agreed rates for period April 26,1989 to May 23, 1989, Scheme I: 13.90 p.c., Schemes II & III: 14.37 p.c. Reference rate for period March 1 to March 31, 1989, Scheme IV&V: 13.068 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 13½ from March 1, 1989; Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 9½ per cent; one-three months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; nine-twelve months 11 per cent; Under £100,000 9½ per cent from December 1,1988. Deposits withdrawn for cash 5 per cent.

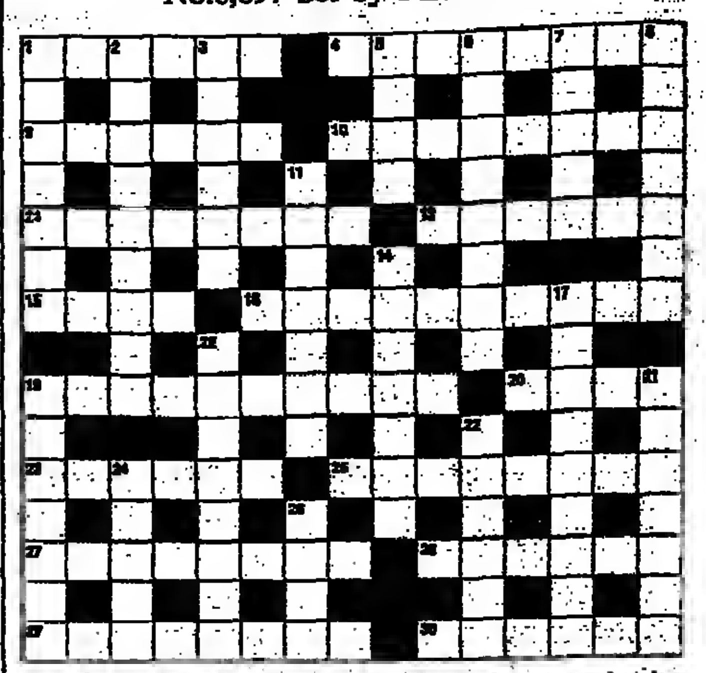
BASE LENDING RATES

	%		%		%
ABN Bank	13	Clydesdale Bank	13	NatWestminster	13
Adam & Company	13	Comm.Bk.N.East	13	Northern Bank Ltd	13
AAB - Allied Arab Bk	13	Co-operative Bank	*13	Norwich Gen. Trust	13
Allied Irish Bank	13	Coutts & Co.	13	PRIVATbanken Limited	13
● Henry Ansbacher	13	Cyprus Popular Bk	13	Provincial Bank PLC	14
ANZ Banking Group	13	Dunbar Bank PLC	13	R. Raphael & Sons	13
Associates Cap Corp	12	Duncan Lawrie	13	Roxburghe G'rantee	13½
Authority Bank	13	Equatorial Bank plc	13	Royal Bk of Scotland	13
● B & C Merchant Bank	13	Exeter Trust Ltd	13½	Royal Trust Bank	13
Bank of Baroda	13	Financial & Gen. Bank	13	● Smith & Williamson Secs.	13
Banco Bilbao Vizcaya	13	First National Bank Plc.	14	Standard Chartered	13
Bank Hapoalim	13	● Robert Fleming & Co.	13	TSB	13
Bank Credit & Comm	13	Robert Fraser & Ptnrs.	13½	United Bk of Kuwait	13
Bank of Cyprus	13	Girobank	13	United Mizrahi Bank	13
Bank of Ireland	13	● Guinness Mahon	13	Unity Trust Bank Plc	13
Bank of India	13	HFC Bank plc	13	Western Trust	13
Bank of Scotland	13	● Hambros Bank	13	Westpac Bank Corp.	13
Banque Belge Ltd	13	Heritable & Gen Inv Bnk	13	Whiteaway Laidlaw	13½
Barclays Bank	13	● Hill Samuel	§13	Yorkshire Bank	13
Benchmark Bank PLC	13	C. Hoare & Co.	13		
Berliner Bank AG	13	Hongkong & Shangh	13		
Brit Bk of Mid East	13	● Leopold Joseph & Sons	13		
● Brown Shipley	13	Lloyds Bank	13		
Business Mtge Tst	13½	Meghraj Bank Ltd	13		
CL Bank Nederland	13	McDonnell Douglas Bnk	13		
Central Capital	13	Midland Bank	13		
● Charterhouse Bank	13	Mortgage Express Ltd.	§13.95		
Citibank NA	13	Mount Banking Corp.	13		
City Merchants Bank	13	Nat. Bk. of Kuwait	13		

● Members of British Merchant Banking & Securities Houses Association. * Deposit rate 5.22% Savewise 8.47%. Top Tier-£10,000+ instant access 11.72% § Mortgage base rate. § Demand deposit 8%. Mortgage 13.625% - 14.00%

CROSSWORD

No.6,897 Set by FETTLER



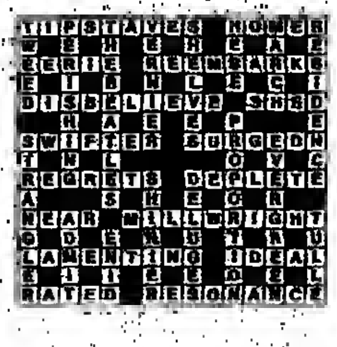
ACROSS

1 Amasses public funds (6)
4 Concern producing benefit (8)
9 Skims about and enlarges the hole (8)
10 Disagreeing about name? Lot might be appropriate (6)
12 And German bride traded for less than her hand was worth (8)
13 Behind the ship, as seabird might be (6)
15 Support, failing to the SE (4)
16 One believes in such investments (4,6)
19 Those after prizes maybe bag watches (3-7)
20 Rubbish, rising to the SE (4)
23 Twist such as violer played (6)
25 Thus to burn the bun's a disaster (8)
27 Eastern traders, possibly Goan, have taken me on board (8)
28 Stone bridge shows rigidity (6)
29 See tanner (8)
30 Equity obtained on the q.t. - Mars perhaps? (6)

DOWN

1 Without a pause, rotten cucumbers collapse (7)
2 Having negative credit drove busted Arab back to the FT (9)
3 Mark 1 upper-class turnout for Indian rites (6)
5 A fixer used by snobs (4)
6 Awful misery, as undertaker often is (8)
7 Old Scots exempt English taking over part (5)
8 Note keeps sounding: bringing news? (7)
11 Tidying improved deportment (7)
14 Cat's sign of pleasure - its back acting as a footrest (7)
17 Hesitate with "er" ... and so does such a one (9)
18 As summer is in the country, tree mann spread (8)
19 What is gained from professional matches? (7)
21 Parasites left mouldy cheese (7)
22 Tar irritant that's a complaint (7)
24 Ten dine, playing footsie possibly (5)
26 One hired shortly in commerce (4)

Solution to Puzzle No.6,896



JOTTER PAD

WORLD STOCK MARKETS

CANADA

INDICES

NEW YORK DOW JONES

	Mar 29	Mar 28	Mar 27	Mar 23	1989 High	1989 Low	Since compilation High	Since compilation Low
♦Industrials	2281.52	2275.54	2257.86	2243.04	2347.14 (7/2)	2144.64 (3/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	87.39	87.43	87.48	87.35	89.62 (8/2)	87.35 (23/3)	-	-
Transport	1032.02	1032.18	1011.80	1008.09	1087.97 (7/2)	959.95 (3/1)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	182.73	182.91	182.43	182.14	191.15 (24/1)	181.84 (24/2)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2293.42 (2287.86) Low 2262.65 (2258.93)

STANDARD AND POOR'S	Mar 29	Mar 28	Mar 27	Mar 23	1989 High	1989 Low	Since compilation High	Since compilation Low
Composite ‡	292.36	291.59	290.58	288.98	299.63 (7/2)	275.31 (3/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrial	336.92	336.02	334.73	332.79	346.41 (7/2)	318.66 (3/1)	393.17 (25/8/87)	3.62 (21/6/32)
Financial	27.34	27.12	27.11	26.94	27.49 (16/3)	24.30 (3/1)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	164.25	163.88	163.32	162.64	168.10 (16/3)	154.98 (3/1)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	325.58	325.45	325.50	324.87	332.52 (16/3)	305.24 (3/1)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	403.70	402.60	400.56	400.94	409.51 (16/3)	378.56 (3/1)	456.28 (26/8/87)	54.87 (31/10/72)

	Mar 17	Mar 10	Mar 3	year ago (approx.)
Dow Industrial Div. Yield	3.70	3.70	3.70	3.35
	Mar 15	Mar 8	Mar 1	year ago (approx.)
S & P Industrial div. yield	3.13	3.16	3.23	2.94
S & P Indl. P/E ratio	13.17	13.04	12.68	15.35

TRADING ACTIVITY

† Volume Millions	Mar 29	Mar 28	Mar 27
New York	144.240	146.420	112.960
Amex	10.183	9.225	8.644
OTC	122.960	112.553	98.840

NEW YORK	Mar 29	Mar 28	Mar 27
Issues Traded	1,929	1,926	1,938
Rises	727	820	773
Falls	643	577	628
Unchanged	559	529	537
New Highs	36	35	16
New Lows	31	24	42

CANADA

TORONTO	Mar 29	Mar 28	Mar 27	Mar 23	1989 High	1989 Low
Metals & Minerals	3265.0	3261.1	3249.2	3241.4	3564.9 (6/2)	3207.5 (3/1)
Composite	3561.0	3560.8	3555.5	3546.9	3696.1 (8/2)	3350.5 (6/1)
MONTREAL Portfolio	1770.90	1764.69	1759.22	1752.60	1850.44 (8/2)	1677.48 (3/1)

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
General Motors	2,296,200	43	+ ⅛
Wstn Co Na	2,086,700	15/128	-1/128
BankAmerica	1,943,900	23⅞	+ ⅛
SmithKline Beckman	1,888,400	54⅞	+ 2
Storage Technology	1,866,900	2	—
Illinois Power	1,859,800	15⅛	— 1⅛
Ashmer	1,688,500	35½	—
Unisys	1,513,600	25⅞	+ ⅛
AT&T	1,508,200	31⅛	—
Exxon	1,450,300	43⅛	- ½

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Mar. 30	Mar. 29	Mar. 28	Mar. 23	1989 High	1989 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1467.0	1479.1	1486.7	1486.0	1551.7 (31/1)	1440.1 (17/2)
All Mining (1/1/80)	680.3	688.7	694.6	695.0	727.0 (26/1)	654.6 (16/2)
AUSTRIA						
Credit Aktien (30/12/84)	280.14	277.83	277.96	275.32	280.14 (30/3)	219.5 (2/1)
BELGIUM						
Brussels SE (1/1/80)	5688.37	5673.03	5656.02	5665.52	5834.01 (10/2)	5519.30 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	289.62	290.39	288.24	(c)	291.83 (10/2)	275.49 (27/2)
FINLAND						
Unitas General (1975)	784.0	781.4	779.8	(c)	791.7 (14/3)	725.3 (4/1)
FRANCE						
CAC General (31/12/82)	446.3	445.3	442.9	441.2	457.3 (6/2)	417.9 (4/1)
Ind. Tendance (30/12/88)	104.6	104.6	104.1	103.3	108.1 (3/2)	97.5 (27/2)
GERMANY						
FAZ Aktien (31/12/58)	552.12	550.29	549.14	548.77	569.27 (8/2)	535.78 (27/2)
Commerzbank (1/12/53)	1641.5	1636.3	1633.1	1632.5	1705.6 (5/1)	1595.1 (27/2)
DAX (30/12/87)	1315.47	1309.26	1306.47	1306.77	1371.14 (5/1)	1271.78 (23/2)
HONG KONG						
Hang Seng Bank (31/7/64)	2980.76	3032.98	3033.03	3049.62	3209.96 (9/2)	2706.49 (3/1)
ITALY ⊕						
Banca Com. Ital. (1972)	608.92	608.76	605.6	600.14	615.89 (17/1)	577.49 (28/2)
JAPAN **						
Nikkei (16/5/49)	32826.13	32737.28	32306.36	31588.6	32826.13 (30/3)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2456.23	2447.59	2422.46	2380.17	2490.07 (8/2)	2366.91 (6/1)
NETHERLANDS						
CBS Tel.Rtn Gen.(End 1983)	228.5	227.7	227.9	(u)	229.5 (16/3)	208.3 (3/1)
CBS All Shr (End 1983)	182.7	182.2	182.5	(u)	183.6 (16/3)	166.7 (1/3)
NORWAY						
Oslo SE (2/1/83)	598.36	596.22	593.56	(c)	598.36 (30/3)	467.17 (2/1)
SINGAPORE ♦						
Straits Times Ind. (30/12/66)	1190.80	1194.63	1188.50	1180.73	1194.63 (29/3)	1030.69 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1593.04	1594.0	1629.0	1639.0	1639.0 (23/3)	1291.0 (15/2)
JSE Industrial (28/9/78)	2426.04	2404.0	2421.0	2419.0	2455.0 (20/3)	1961.0 (3/1)
SPAIN ♦						
Madrid SE (30/12/85)	280.93	280.25	279.40	(c)	283.93 (17/1)	260.61 (1/3)
SWEDEN						
Jacobson & P. (31/12/56)	3876.3	3884.6	3872.3	3839.6	3889.9 (14/3)	3333.9 (3/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	657.6	658.5	654.9	653.3	658.5 (29/3)	613.1 (3/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	500.0	497.5	491.2	519.0 (17/2)	491.2 (28/3)

** March 24: Japan Nikkei: 31,568.52, March 27: 31512.40. Tokyo SE: 2373.00, March 27: 2364.33.
⊕ March 24: Italy Banca Com: 600.94.
♦ March 27: Singapore Straits Times Ind.: 1183.90; Spain Madrid SE 278.46
‡ Subject to official recalculation.
Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia. All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

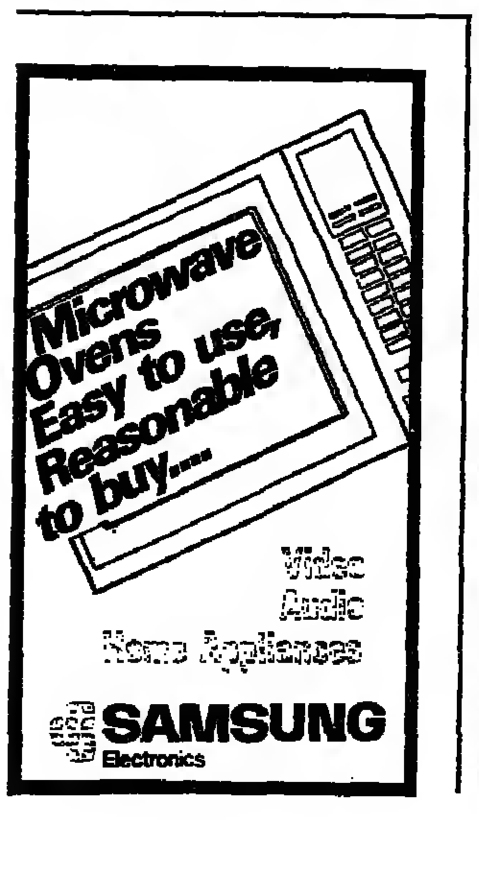
TOKYO - Most Active Stocks
Thursday 30 March 1989

	Stocks Traded	Closing Prices	Change on day
Mitsui Toatsu	60.7m	1,140	+100
Mitsubishi Petrochem	43.7m	1,880	+130
Denki Kagaku	34.8m	1,050	+90
Mitsui Petrochem	34.4m	1,980	+180
Toray	26.9m	989	+52
Showa Denko	28.7m	1,180	+80
Asahi Chemical	28.5m	1,320	-30
Kumagai	27.5m	1,990	+10
IHI	26.7m	1,210	+40
Mitsubishi Gas	25.6m	1,000	+85

2pm prices March 30

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]



Continued on Page 47

NYSE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close

Continued from previous Page

High	Low	Stock	Div.	Yld.	P/E	100s	High	Low	Close	Chng
25½	19⅝	Salomn	.64	2.6	15	1366	24⅞	24⅝	24⅝	-⅛
39½	30⅜	SDieGs	2.70	7.3	12	316	37⅛	36⅞	37⅛	
9½	6⅜	SJuanB	.24e	2.7	27	327	8⅝	8½	8⅝	+⅛
15⅛	11⅞	SJuanR	2.25e		14	41	15	15	15	
34⅛	27½	SAntRt	2.08	6.9	19	157	30⅛	30	30	
18½	11⅛	SFeEP	2.88	22.		46	13	12⅞	13	+⅛
23⅞	20	SFePP	n2.20	9.6		165	23	22½	22½	-⅛
24⅞	14⅛	SFeSP				475	21⅛	21	21⅛	
51½	35⅝	SaraLee	1.44	3.0	15	1367	48½	48	48⅜	+⅜
51⅛	49	SaraL pf3.24e		6.4		6	50½	50½	50½	+½
26	24	SavE pfA2.37		10.		5	23⅛	d23⅛	23⅛	
5-32	1-16	Savin				1633	9-32	⅛	9-32	
33⅛	29⅞	SCANA	2.48	8.1	10	205	30⅛	30⅛	30⅛	
65	45¼	SchrPlg	1.80	2.8	15	1635	64	63⅞	64	
39½	30⅞	Schlmb	1.20	3.2	22	2779	38	37⅛	37⅞	-⅛
19¼	6⅛	Schwab			39	119	9½	8⅛	8⅞	+⅛
15⅝	10⅞	SciAtl	.12	.8	11	33	14½	14⅜	14⅜	-⅛
43⅛	34⅝	ScottP	.80	2.0	8	633	40⅛	39⅞	39⅞	-¼
15⅛	10½	Scottys	.52	4.3	39	30	12⅛	11⅞	12⅛	+⅛
11⅝	8½	SeaCNA	.07e	.7		6	9½	9½	9½	
50⅞	19⅝	SeaCnt	.45e	1.0	8	1474	47⅛	45½	45⅞	+¼
14⅝	12⅞	SeaC pf1.46		11.		2	13⅞	13¾	13¾	
17⅞	16	SeaC pfB2.10		13.		12	16⅛	16⅛	16⅛	+⅛
17⅞	16	SeaC pfC2.10		13.		15	16⅛	16	16	
30⅞	43⅛	SeaC pfD4.13		8.4		65	16	16	16	+1
71½	58	Seagrm	1.40	2.0	11	427	69⅝	68⅞	69⅛	+⅜
16	12	Seagul			113	106	16⅞	15½	16⅞	+½
49⅞	40¼	SealAir	.64	1.4	16	172	45⅞	45⅛	45⅞	+⅜
45⅛	33	Sears	2	4.6	11	13656	44⅛	43	43⅞	+⅞
41½	27⅛	SecPac	1.96	4.8	7	1576	40⅝	40	40½	+⅝

High	Low	Stock	Div.	Yld.	P/E	100s	High	Low	Close	Chng
11⅛	8	WyleLb	.20	3.4	11	353	8⅝	8⅜	8⅝	
27⅞	19⅛	Wynns	.60	2.2	25	12	27½	27⅛	27⅛	
22⅝	4½	Wyse				141	5⅝	5½	5⅝	+⅛
		– X–Y–Z –								
60⅞	30⅛	Xerox	3	5.1	17	3638	59⅛	58⅞	59⅛	+⅛
44⅞	28⅛	XTRA	.72	1.9	13	18	37⅛	37⅛	37⅛	
3⅞	2	Zapata				68	2⅞	2⅝	2⅝	
27⅛	18⅝	Zayre	.40	1.6	167	1753	25⅛	24⅞	25	
36	18½	ZenithE			93	211	18⅝	18½	18⅝	-⅛
10⅛	8⅞	Zenin s	.68e	7.4		18	9⅝	9⅛	9⅛	+⅛
2⅞	1	vjZenLb				65	2⅛	2	2	-⅛
21⅝	16	ZenNtl	.80b	4.4	9	123	19	18	18	
19⅞	13	Zero	.44	2.4	15	205	18⅛	18	18⅛	-⅛
28⅛	18	Zurnin	.88	2.4	18	463	28⅞	28⅝	28⅝	-⅛
11⅛	9⅝	Zweig	1.07e	10.		118	10⅛	10⅝	10⅝	
10⅛	8⅞	Zweig7	n.24e	2.7		481	9⅝	8⅞	9	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices March 29

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng

OVER-THE-COUNTER

Nasdaq national market, 2pm prices March 30

Stock	Div.	Sales 100s	High	Low	Last	Chng

AMERICA

Dollar decline brings run of Dow gains to a halt

Wall Street

A SMALL decline in the dollar and a reaction to three daily gains this week sent stocks modestly lower ysstsrday, *writes Janet Bush in New York.*

At 1 pm, the Dow Jones Industrial Average was quoted 2.01 points lower at 2,279.51 on very low volume of 69m shares.

In spite of its run of gains this week, voluma has been light, with activity concentrated in stocks attracting takeover speculation or involved in bids or merger plans. Volume has also been boosted by active programmed stock index arbitrage trading, reflecting some volatility in tha futures market.

There has been some support for tbe market from increased bid activity and from some end-of-quarter buying, but interest has not been broadly based. The highest daily volume total this week was on Tuesday and that was only 146.4m shares.

There have been a number of economic releases this week which have suggested that sectors of the economy are slowing. February leading indicators dropped 0.3 per cent, new single family home sales fell 9.4 per cent and factory orders declined by 2.3 per cent in figures reported yesterday – a larger drop than expected.

These releases have ensured a positive undertone in both stocks and bonds, but have not been nearly as important an influence on either market as the dollar. In spite of the larger-than-expected decline in factory orders, the trend for both stocks and bonds yesterday was downwards, because tbe dollar was trading off its highs. Higher crude oil prices were also a drag.

At midsession, the US currency was quoted at Y132.75 compared with an earlier high of Y133.28, partly reflecting a remark by a senior official of the Bank of Japan who expressed concern about the high level of the dollar. The US currency was more resilient against the Weet German D-Mark, trading at DM1.8935 compared with an earlier low of DM1.8847.

There are several reasons for the equity market to turn cautious. First, the lack of broad demand and volume is a warning signal. Second, the positive influence of tbe end of the quarter and the beginning of the Japanese fiscal year, which has apparently prompted a resurgence in inflowa from Tokyo into US markets, will probably start to fade.

Third, the Group of Seven meets in Washington next week and, although little substantial news is expected, markets will be on the defensive.

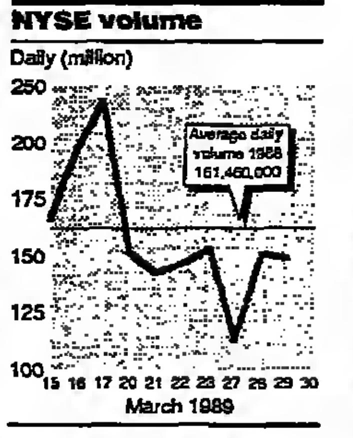
Fourth, there is a fundamental concern that, although the economy may indeed be slowing, inflation is already built into the system and markets could find themselves staring at an economic slowdown accompanied by higher inflation later this year.

Among featured stocks was Genentech, whicb fell $1¾ to $17⅝ after a New Zealand report found that its new drug for dissolving blood clots in heart attack victims was no more effective than an already established drug marketed by SmithKline Beckman. SmithKline added $⅞ to $55⅝.

Sears, Roebuck added $⅝ to $43⅝ after tbe retailer announced a maoagement reorganisatioo and the elimination of 800 jobs.

Sun State Saving & Loan dropped $2½ in over-the-connter trading to $2¾.

NYSE volume



Canada

FEARS of higher inflation and tigbter credit left Toronto mixed at midday in dull trading. Gold shares recovered aome of tbe ground lost receotly.

The composite index fell 7.3 to 3,553.6. Turnover remained thin with 9.2m shares traded.

Oslo's bourse scales further peaks

Karen Fossli on the latest tax relief and equity investment plans

PROBABLY the last thing that Norwegian brokers want to think about as they sit snugly in their winter cabins during tbe traditional two-week skiing boliday is yet another report on the possible liberalisation of Norway's capital markets.

Away from Oslo, they have left a stock market which has risen by 30 per cent this year, making it the world's best performer in the FT-Actuaries World Indices. The local all-share index yesterday hit an all-time high of 443.34, compared with the previous record 442.44 on September 21 1987.

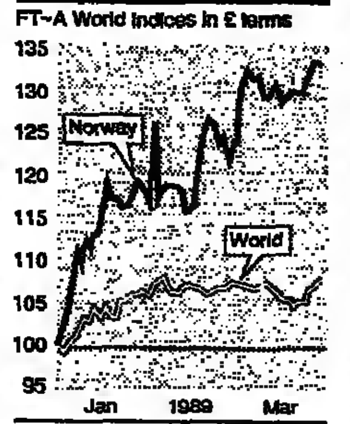
Further gains could lie in store. Increased tax relief obtained through equity investments and a higher ceiling on insurance and pension fund investments in shares are both recent proposals that could boost liquidity and Oslo stock prices if implemented. At the very least they should improve sentiment towards the small Scandinavian bourse.

The Bergo Committee – an ad hoc group sppointed last October by the minority Labour Government to identify measures that would encourage the supply of venture capital to companies – has delivered part two of its report.

Part one was published last November and inspired the Government to suspend, for at least one year, a 1 per cent turnover tax on equity dealings. This will be reviewed in November.

The second part of the report recommends extending tax relief for savings put into eqnity investment from NKr3,000 ($473) to NKr5,000 for individual investors and from NKr6,000 to NKr10,000 for married couples. It says insurance companies' limit on equity investments should be raised to 25 per cent of their total capital from 12 per cent, while commercial and savings banks' limits should rise to 4 per cent from 2 per cent. An increased limit on investment by pension funds was also recommended, although no ceiling was stipulated. Tbey can currently invest up to 20 per cent of their total capital.

The suggestlons have received a warm reception from brokers, who believe they will have a psychological effect on the market. On the whole, the proposals are seen as largely symbolic and, in some cases, not necessary.



The main problem is the low level of long-term investment. Bourse officials have welcomed tha proposals as a step in the right direction bnt feel they will not have a great effect on market liquidity.

One official said: "The incentives for private investors are positive, bnt they (private investors) don't have a long tradition as investors and any increases in their investments won't have that much of an impact on the market. As for the possibility for the insurance companies to increase t[he] percentages of their equi[ty] investments, this could [be] helpful, but they have yet [to] reach their current limit."

Insnrance companies a[re] estimated to have between and 3 per cent of their capit[al] invested in equities. Bank[s] meanwhile, have remaine[d] cautious about rebuilding the[ir] equity portfolios after the bea[t]ing they took in the 1987 crash.

Some brokers believe, however, that the proposals offer a window of opportunity for foreigners – before Norwegians wake up to the committee's suggestiona. With domestic investors on holiday, some analysts are recommending that overseas investors buy into Norway before prices are driven up by local enthusiasm.

At least two UK unit trusts, Fidelity and GT Management, have boosted the Norwegian weighting in their European portfolios. According to Carnegie International, the London-based stockbrokers, Fidelity (European Trust) has increased its Norwegian weighting to 18 per cent from 16.6 per cent at the end of January. GT's European Unit weighting has risen to 16 per cent from 12 per cent.

ASIA PACIFIC

Individual investors lift Nikkei to another high

Tokyo

THE STAGGERING rise of more than 1,200 points in the past two days failed to cool investors' interest yesterday and share prices climbed to another record high, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei average suffered a modest drop during the day but later recouped its losses to close np 88.85 at a record 32,826.13. The high for the day was 32,912.82, while the low was 32,656.76.

Advances led declines by 507 to 397, witb 143 issnes unchanged. Turnover, at 1.46bn shares, was modestly higher than the 1.29bn traded on Wednesday. The Topix index of all listed shares advanced 3.64 to 2,456.23 and, in London trading, the ISE/Nikkei 50 index added 2.53 to 1,979.62.

Activity in Tokyo came mainly from individual investors and dealers, with only sporadic participation by institutions. The impressive strength on Tuesday and Wednesday was also supported mainly by individuals and dealers, leading many analysts to question the market's ability to sustain its recent gains. "We think there is a fair bit of year-end and start-of-the-year dressing up," said Mr George Nimmo of SBCI Securities (Asia).

According to the cautious view of the market, the recent sharp rise has in part been due to a shortage of stock available to trade, as institutional investors have not been taking an active part. Even relatively small buy orders, therefore, have had a substantial effect on price movements.

Once the window-dressing activity dies down, the bears say, inflation worries are bound to resnrface. Negative factors, both political and economic, have not improved.

The oil price is still at a high level. The yen eased further against the dollar yesterday, and concerns over the yen's weakness led the Governor of the Bank of Japan to say that the dollar's recent rise had gone too far, given that there had been no change in economic fundamentals. Politically, the Recruit share sale scandal remains the biggest concern, as it contains the possibility of further troubles for the Government.

The more optimistic view is that the energy that has been released into the market by individual investors will encourage institutions to join in and lead to a market supported by broader-based demand. Moreover, while the negative factors have not disappeared, neither have they worsened.

Individuals, at least, appeared to take the optimistic view. In mid-day trading, rumours spread that the Ministry of Finance, concerned about the market's sharp rise, had asked to see the deals that brokers had done on their own accounts. The quick drop in share prices that followed was nevertheless seen as an opportunity to buy.

Chemicals were widely selected, with six companies appearing on the list of the 10 most actively traded issues. Mitsui Toatsu topped the most actives list, with 60.7m shares traded, and gained Y100 to Y1,140. Mitsubishi Petrochemical followed with 43.7m shares, rising Y130 to Y1,880. Denki Kagaku was third with 34.8m shares and advanced Y90 to Y1,050. Mitsui Petrochemical also rose Y180 to Y1,980 in active trading. Chemicals were popular as laggards that also stand to benefit from greater infrastructural investment.

Nonferrous metals were popular as inflation-hedging issues. Price rises in copper, zinc and other metals also raised investors' expectations that nonferrous metal companies would increase profits.

The market in Osaka enjoyed a stronger rally, with the OSE average surging 320.03.

Roundup

OTHER Asia Pacific markets ended in the red, as profit-taking dominated activity.

HONG KONG saw a rush of selling after the key support level of 3,000 on the Hang Seng index was broken. The index lost 52.22 to 2,980.78 as turnover picked up slightly to HK$1.1bn in value from Wednesday's HK$878m.

Hongkong Land was busy again, losing 20 cents to HK$10.60.

Blue chips were depressed by profit-taking before the release of results, and Hutchison fell 10 cents to HK$10.20 while Swire Pacific A was marked down 20 cents to HK$9.90. Both companies announced improved earnings.

AUSTRALIA was knocked by the weaker gold price and by the expiry of options in leading stocks. The All Ordinaries index slipped 12.7 to 1,467.0.

Total turnover was boosted by a private deal between Pivot group and Qintex Australia, in which 71m shares worth A$73m in Seaworld Property Trust changed hands.

Among golds, North Flinder Mines fell 30 cents to A$1.80, Ningini Mining dropped 16 cents to A$3.60 and Whim Creek fell 11 cents to A$2.35.

SINGAPORE fell back after three consecutive rises but ended above the day's lows on late demand. The Straits Times industrial index lost 3.63 to 1,150.80 and turnover fell to 82.7m shares from 94.6m on Wednesday.

Singapore Land led the way lower, giving up 20 cents to S$10.40. Haw Par fell 12 cents to S$3.32.

Hong Leong Finance and Singapore Finance reported higber profits and proposed bonus issues. The former rose 12 cents to S$3.22 while the latter was unchanged at S$2.07. OCBC was also steady, closing at S$8.75, after news of 26 per cent higher annual profits.

SOUTH AFRICA

TRADING was lacklustre after Wednesday's falls, bnt the steady bullion price helped gold ehares off lows. Vaal Reefs firmed R1.50 to R347.50.

EUROPE

Deutsche Bank results encourage Frankfurt

TRADING in Europe suffered from a lack of focus, but corporate news and selective buying helped some bourses make steady gains, *writes Our Markets Staff.*

FRANKFURT was dominated by better than expected results from Dentsche Bank which helped prices to rise from pre-bourse trading onwards. The FAZ index at midsession was up 2.98 at 552.12 and the DAX index closed 6.21 higher at 1,315.47. Turnover remained low at DM2.44bn, although the highest so far this week.

Deutsche Bank closed DM6.50 better at DM514 in the day's second most active trading after reporting a rise in group partial operating profits to DM3.1bn from DM2.78bn in 1987. Other blue chips were firm, although one analyst commented that "it would be premature to say that another rally is underway." There was still cantion about the Group of Seven meeting this weekend, and next week's Bundesbank council meeting.

Steel and engineering stocks were popular again, with Thyssen topping the actives list and rising DM3.90 to DM228.

In cars, BMW powered ahead with a DM4.50 rise to DM513.50. As a big dollar earner, it has been benefiting from the strength of the US currency. The stock has been caught in a narrow trading range for the past few months. Porsche, on the other hand, appeared to disappoint the market with its rise in interim profits, and the stock lost DM5 to DM715 in thin trading.

VIENNA rose to an all-time high as strong demand for the country's leading bank Creditanstalt set the bourse alight. The Vienna bourse index added 1.11 to 297.35.

Creditanstalt surged Sch230 to Sch2,470, a gain of 9.8 per cent, on healthy overseas demand, reportedly from the UK, Germany and Switzerland. The bank – which represents abont 15 per cent of the bourse's total capitalisation – had underperformed for about a year and was now being recommended by both domestic and foreign brokers, said one analyst. The market saw selective profit-taking elsewhere, having outperformed most world stock markets over the past four weeks.

PARIS gave up all of its early gains and ended in the red as interest faltered in late trading, knocked by Wall Street's early weakness.

Certain stocks stood out – helped by healthy results and a few rumours – but the bourse ended about 0.1 per cent lower. The CAC 40 index rose 3.7 to 1,640.2 and the OMF 50 eased 0.83 to 463.44. Volume was estimated at a thin FFr1.3bn.

Matra put in the best performance, scoring a rise of 5.5 per cent – up FFr14 at FFr269 – on speculation that the electronics group would sell its loss-making football team after it was knocked out of the French national cup. The team costs Matra about FFr80m a year compared with the group's annual profits of about FFr300m.

Paribas, the financial issue, rose FFr13.30 to FFr474.80, reporting a 53 per cent jump in 1988 earnings, slightly better than expected. Elf Aquitaine was meanwhile marked down FFr7.50 to FFr446.50 on consideration of its FFr3bn capital raising programme which one analyst said would be slightly dilutive.

AMSTERDAM was buoyed by selective gains as turnover picked up further to Fl 640m from Wednesday's Fl 502m. The CBS tendency index rose 1.20 to 172.5.

Steelmaker Hoogovens climbed sharply after its strong results on Wednesday, adding Fl 3.90, or 4.5 per cent, to Fl 91.10 in high turnover of 720,000 shares worth Fl 65m.

Transport stock Nedlloyd was also a feature, climbing Fl 6.30 to Fl 331.50 on good volume following a court rejection of a prosecutor's case against the company's 1987 accounts, whicb involved a large write-off on assets. There was also continued takeover speculation surrounding the stock, which is fairly thinly traded and liable to rapid moves.

Machine tool maker VMF Stork rose Fl 1 to Fl 32.10 on talk of a takeover, possibly by a West German company, while distiller Bols added Fl 3.50 to Fl 137 after its increase in profits and unexpected dividend rise.

ZURICH was quiet with few features and the Credit Suisse index eased 0.2 to 559.4.

Brown Boveri registered shares were firm before today's results from Asea Brown Boveri. They rose SFr20 to SFr645 while the bearers lost SFr15 to SFr3,180. Ascom bearers dropped SFr100 to SFr4,700 in response to news of its capital raising plans announced late on Wednesday.

MADRID firmed further, with the general index adding 0.68 to 280.93. Mapfre, the insurance gronp, jumped 60 points to 1,665 of par and Citroen climbed 34 to 1,300.

MILAN ended unchanged in fairly quiet trading, with interest focusing on a handful of blue chips. The Comit index was up 0.16 at 608.52.

Pirelli gained L11 to L3,210 and later climbed to L3,245 on news of a $100m cable contract from the New York Power Authority. Fiat was fixed little changed but rose L40 to L9,420 after hours, while insurer Ras, which has performed dully in recent weeks, gained L810 to L31,800 before easing back slightly after hours.

STOCKHOLM benefited from high expectations from Asea Brown Boveri's results today, and gained ground, with the Affärsvärlden index up 1.5 at 1,130.9. ABB free B shares rose SKr3 to SKr458.

BRUSSELS was helped higher by continued interest in steelmaker Arbed, which put on another BFr130 to BFr5,688.37, with buying inspired by news of good results from Hoogovens of Amsterdam.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY MARCH 29 1989					TUESDAY MARCH 28 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988/89 High	1988/89 Low	Year ago (approx)
Australia (89)	135.84	-1.3	119.13	111.13	4.98	137.60	120.82	111.63	157.12	91.16	115.78
Austria (18)	107.36	-0.5	94.15	105.44	2.39	107.90	94.74	105.59	107.94	83.72	91.07
Belgium (63)	128.60	+0.1	112.78	126.22	4.13	128.52	112.85	125.67	139.89	99.14	135.08
Canada (125)	133.25	+0.0	116.86	115.40	3.32	133.28	117.03	115.24	137.27	107.06	121.89
Denmark (39)	168.98	+1.2	148.20	169.38	1.86	167.01	146.64	167.92	180.38	111.42	119.69
Finland (26)	147.23	+1.4	129.13	131.45	1.39	145.20	127.49	129.29	147.24	106.78	126.26
France (130)	115.39	+0.6	101.20	115.57	2.84	114.75	100.75	115.20	119.98	72.77	82.56
West Germany (102)	82.20	+0.5	72.09	80.83	2.35	81.77	71.80	80.58	90.40	67.78	78.11
Hong Kong (44)	128.51	-0.1	112.71	128.51	3.81	128.64	112.95	128.60	133.77	84.90	99.33
Ireland (17)	139.81	-0.3	122.61	139.64	3.65	140.22	123.12	139.98	146.46	104.60	122.68
Italy (98)	81.44	+0.7	71.42	84.39	2.40	80.89	71.03	83.85	86.88	62.99	77.95
Japan (456)	186.81	+1.3	163.83	156.88	0.48	184.38	161.89	155.07	200.11	133.61	172.19
Malaysia (36)	161.46	-0.1	141.60	172.00	2.70	161.66	141.95	171.84	161.88	107.83	119.35
Mexico (13)	165.71	-0.1	145.33	434.65	1.18	165.87	145.64	433.97	182.24	90.07	145.55
Netherland (39)	115.66	+0.1	101.43	112.57	4.49	115.50	101.42	112.68	117.71	95.23	107.46
New Zealand (24)	70.23	-0.4	61.59	60.60	6.50	70.49	61.89	60.68	84.05	63.32	76.76
Norway (26)	172.51	+0.1	151.29	160.74	1.80	172.26	151.26	159.99	174.29	98.55	124.02
Singapore (26)	147.38	-0.1	129.25	132.85	2.05	147.50	129.51	132.65	147.64	97.32	109.54
South Africa (60)	139.75	-2.2	122.56	125.97	4.01	142.88	125.45	128.15	142.88	98.26	139.07
Spain (42)	146.74	-0.2	128.69	131.06	3.69	146.96	129.04	130.76	164.47	130.73	149.99
Sweden (35)	157.20	+0.9	137.87	149.93	2.28	155.73	136.74	148.82	158.38	96.92	117.72
Switzerland (57)	74.80	+1.0	65.60	76.30	2.38	74.05	65.02	75.94	86.75	74.05	81.46
United Kingdom (314)	146.17	+0.1	128.19	128.19	4.37	145.96	128.16	128.16	153.33	120.66	136.14
USA (568)	118.78	+0.1	104.17	118.78	3.66	118.72	104.24	118.72	121.90	99.19	105.91
Europe (1006)	117.29	+0.3	102.87	109.67	3.56	116.91	102.65	109.45	120.88	97.01	107.79
Nordic (126)	149.33	+1.0	130.97	148.00	1.99	147.86	129.83	146.74	149.38	95.22	110.83
Pacific Basin (675)	182.27	+1.2	159.85	153.59	0.70	180.10	158.13	151.94	194.72	130.81	167.11
Euro-Pacific (1681)	156.29	+0.9	137.06	136.09	1.57	154.84	135.95	134.98	164.22	120.36	143.39
North America (693)	119.55	+0.0	104.84	118.60	3.64	119.49	104.92	118.53	122.71	99.78	106.76
Europe Ex. UK (692)	99.42	+0.5	87.19	98.19	2.89	98.94	86.87	97.85	103.11	80.28	90.21
Pacific Ex. Japan (219)	127.82	-0.7	112.10	112.35	4.41	128.76	113.05	112.63	137.65	87.51	105.94
World Ex. US (1879)	155.32	+0.9	136.22	135.42	1.64	153.97	135.19	134.38	162.77	120.26	142.62
World Ex. UK (2133)	140.70	+0.7	123.39	129.95	2.04	139.75	122.71	129.16	146.04	111.77	127.71
World Ex. So. Af. (2387)	141.18	+0.6	123.82	129.80	2.24	140.28	123.17	129.07	146.65	113.26	128.37
World Ex. Japan (1991)	119.30	+0.1	104.62	115.64	3.64	119.19	104.65	115.55	122.37	100.00	107.45
The World Index (2447)	141.17	+0.6	123.81	129.77	2.26	140.29	123.18	129.06	146.51	113.37	128.45

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US $ Index), 114.45 (Pound Sterling) and 123.22 (Local).

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CONSTITUENT CHANGES: Further amendments have been made to the quarter-end review: D. ... erk (Germany). Classification change: Wolseley to Building Materials (UK). Industriekreditbank (Germany) is not deleted as indicated in some edi[tions] ... Champion Spark Plugs and Hospital Corp. America (both US) have been deleted ... US index based on 3pm (local time) prices. Latest prices were unavailable ...